

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1599884-000

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Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 9/17/91

From : SSA [redacted]

b6
b7C

Subject: CLARK MC ADAMS CLIFFORD, aka;
Et al
FIF; FAG
(OO:WMFO)

Sub A.....Outgoing Teletypes/Fax
Sub C.....LAS
Sub D.....FD-302s and Inserts
Sub F.....Financial Matters
Sub G.....Atlanta - (National Bank of Georgia/BCCI)
Sub H.....Bulky Exhibit Forms (FD-192)
Sub I.....Ghaith R. Pharaon - Interreddec, Inc.
Sub L.....Los Angeles (Independence Bank - BCCI)
Sub M.....Miami - (Centrust/BCCI activity)
Sub N.....Results of Customs [redacted] Joint, Money-
laundering Investigation in Middle
District of Florida
Sub O.....Results of Investigation by Board of
Governors of the Federal Reserve System
Sub P.....Press Coverage
Sub Q.....Subpoena
Sub R.....Incoming Teletypes/Fax
Sub S.....Airtels
Sub T.....All other banks (Main Bank/Houston, Bank
of the Commonwealth/Detroit)

b7E

The purpose of this memo is to open new sub files as
noted below.

Sub L - Los Angeles (Independence Bank - BCCI)
Sub T - All other banks (Main Bank/Houston, Bank of the
Commonwealth/Detroit).

1 - Main
1 - Each Sub
1 - SA
1 - SSA [redacted]
GJL:das
(20)

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Q ✓

ZIGZIGLAR PITCHES ★ DTHRIFT STRIKES OUT ★ TOM GAMMON CALLS TIME

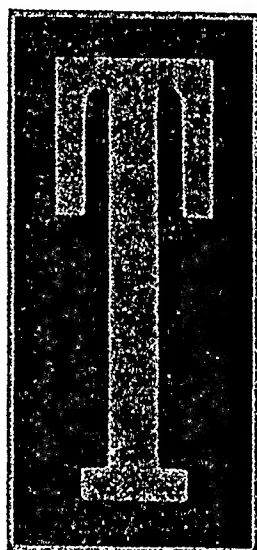
MAY 1990 • FIVE DOLLARS

Regardie's

THE BUSINESS OF WASHINGTON

This Arab sheikh gives millions to the PLO, does deals with Libya, and calls us his enemy. He also owns a hefty chunk of the bank for all Americans.

Who
REALLY OWNS
FIRST AMERICAN
BANK?



HE COMMERCIALS OPEN WITH SHOTS OF
FADED PHOTOGRAPHS FROM FAMILY AL-
BUMS. AS ONE PORTRAIT DISSOLVES INTO
THE NEXT, THE VIEWER HEARS SOMEONE

relate his family's version of the American immigrant saga. He describes how an ancestor came to this country imbued with the dreams of most immigrants: a better life, religious or political freedom. The final image is a group shot of the immigrant's descendants. The speaker then identifies his family—the Rogers family of Fairfax, for example, or the Portner family of Silver Spring. Other versions of the commercial have featured such notable Washingtonians as columnist Robert Novak and restaurateur Duke Zeibert. The commercials—a skillful blend of patriotism, nostalgia, and family values—end with a voice-over: "Nearly every family can trace its heritage to one bold first American. We salute the spirit of the first Americans who made this country their own. We're First American—the bank for all Americans."

It's one of the most emotional series of television commercials ever done for a bank—and an indication of the lengths to which First American Bank has gone to capitalize on the patriotic connotations of its name. Its logo, for example, incorporates the Stars and Stripes. In another television spot, the voice-over promotes the bank's "All-American CD" and "All-American Money Market Account" as a life-and-drum corps pipes up in the background. A few years ago the bank's ads featured the ubiquitous Willard Scott clowning in the guise of such great Americans as George Washington.

Playing sentimental overtures to the American dream is a chestnut of the ad business, but in First American's case the imagery belies at best a certain insecurity and at worst a pattern of deception. The reason: First American Bankshares, the bank's holding company, is 100 percent foreign-owned.

With \$11.5 billion in assets, First American Bankshares is the largest bank holding company in the Washington area—about 50 percent larger than second-place Riggs National Corporation. Yet of all the banking giants in the region, First American remains the most mysterious. A group of foreign investors acquired the company in 1982 after one of the longest, costliest, and most acrimonious takeover battles in U.S. history. The board of directors immediately jettisoned the holding company's name,

Larry Gurwin, a Washington writer, has reported on international finance in the United States, Europe, and Asia for 13 years. He's a former correspondent for Institutional Investor and a past winner of the Overseas Press Club of America's award for best international business story.

AND THE OWNERS ARE...



Sheikh Zayed bin Sultan al-Nahayan and family; Abu Dhabi Investment Authority. Zayed, the absolute ruler of oil-rich Abu Dhabi and the president of the United Arab Emirates, owns 11.76 percent of First American Bankshares. He was the first Arab leader to use oil as a political weapon during the 1973 Arab-Israeli war, has channeled millions of dollars to the PLO, and recently branded the United States "our number-two enemy" (after Israel). Zayed's eldest son and heir apparent, Crown Prince Khalifa, owns from 5 to 10 percent of First American; the Abu Dhabi Investment Authority, which Zayed's family controls, owns another 5 to 10 percent. Zayed and six relatives own 25.23 percent of BCCI; ADIA owns 10.42 percent. The family's estimated net worth in 1989: \$1.5 billion.

STAKE IN FIRST AMERICAN: 21.76%-31.76% STAKE IN BCCI: 35.65%

Kamal Adham; Adham Corporation. Adham, a hugely wealthy and powerful Saudi Arabian businessman, has been described as "the godfather of Middle Eastern intelligence." As the late King Faisal's right-hand man, he was in charge of the country's intelligence and security services at a time when the royal family was ruthlessly suppressing political opposition. Over the years the ultrasecretive Adham also parlayed his political connections into huge "commissions" as an agent for such major corporations as Boeing and Lockheed. Estimated net worth in 1981: \$255 million.

STAKE IN FIRST AMERICAN: 17.63%-22.63% STAKE IN BCCI: 2.94%

Khalid Salem Bin Mahfouz and brothers. In 1986 Khalid Bin Mahfouz, one of Saudi Arabia's most prominent businessmen, bought into First American and, with his four brothers, into BCCI. Soon after he joined BCCI's board of directors. The Bin Mahfouz family also controls National Commercial Bank, the largest bank in Saudi Arabia. The family's estimated net worth in 1989: \$1.5 billion.

STAKE IN FIRST AMERICAN: 5%-10% STAKE IN BCCI: 20%

Faisal Saud al-Fulajj. From 1964 to 1977 Fulajj was the chairman of Kuwait Airways, the state-owned airline. In the late 1970s the Federal Trade Commission identified him as the recipient of at least \$300,000 in bribes from Boeing; Fulajj denied the allegation. Fulajj paid for his first block of First American stock with a \$3.55 million unsecured loan from the Kuwait International Finance Company, a BCCI affiliate that he chaired. Estimated net worth in 1981: \$70 million.

STAKE IN FIRST AMERICAN: 5%-10% STAKE IN BCCI: 1.53%

Mohammed M. Hammoud. Hammoud is identified on the First American shareholder list only as a resident of Lebanon. Net worth: unknown.

STAKE IN FIRST AMERICAN: 5%-10% STAKE IN BCCI: 3.56%

Abdul Raouf Khalil. In documents filed with the Federal Reserve Board in 1981, Khalil is described as a Saudi businessman "engaged in the maintenance of communications, computer, and electronic projects." In 1986 the Arab News identified him as an owner of Saudi Security and Technical Services Company. Estimated net worth in 1981: \$50 million.

STAKE IN FIRST AMERICAN: 5%-10% STAKE IN BCCI: 3.08%

Ali Mohammed Shorafa. In documents filed with the Fed in 1981, Shorafa is described as the "director general of the presidential court" in Abu Dhabi. (In October of the same year columnist Jack Anderson named an "Ali Shorafa" of Abu Dhabi as the silent partner and financial backer of a little-known company called Torsam, which had won an exclusive contract to ship American arms to Egypt in the wake of the 1979 Camp David peace accords.) Net worth: unknown.

STAKE IN FIRST AMERICAN: 5%-10% STAKE IN BCCI: 0.57%



Sheikh Humaid bin Rashid al-Naomi. Sheikh Humaid is the crown prince and deputy ruler of Ajman, the tiniest member of the United Arab Emirates. "Ajman has no visible source of significant revenues other than those which come directly from the federal government into the ruler's account in the local bank," the Financial Times noted in 1986. Estimated net worth in 1981: \$50 million.

STAKE IN FIRST AMERICAN: 5%-10% STAKE IN BCCI: 0%



Sheikh Hamad bin Mohammed al-Sharqi. Sheikh Hamad has been the ruler of Fujaira, another member of the UAE, since the death of his father in 1975. Estimated net worth in 1981: \$45 million.

STAKE IN FIRST AMERICAN: 5%-10% STAKE IN BCCI: 0%

TOTAL STAKE IN FIRST AMERICAN: 98.25% TOTAL STAKE IN BCCI: 67.33%

¹ Ownership percentages are derived from a First American list dated December 31, 1988 and a BCCI list dated October 31, 1988

² These shareholders are listed by BCCI as Mohammed Hammoud, Rauf Khalil, and Ali Shorafa.

Financial General Bankshares, and replaced it with First American, a name that had been used by some of its subsidiary banks.

Since then First American has gone to extraordinary lengths to conceal the names and backgrounds of its foreign owners. Its lawyers persuaded the Federal Reserve Board to withhold from the public all documents that listed the company's shareholders—a seven-year veil of secrecy that was lifted only when *Regardie's* convinced the Fed that it should reverse its policy. And when the company was sued by some former shareholders of its Virginia subsidiary, its lawyers asked that the jury not be told the names or nationalities of the company's owners—or even that the company was foreign-owned.

After an in-depth investigation, *Regardie's* has learned that First American may have good reason to mask its foreign connections. Some of its major shareholders have backgrounds

Sheikh Zayed bin Sultan al-Nahayan, the ruler of Abu Dhabi and the president of the United Arab Emirates, is another leading shareholder of First American Bankshares. When Arab oil-producing nations cut off oil to the United States in 1973 (because of American support for Israel), Abu Dhabi was the first country to declare an embargo. Zayed is a major contributor to the PLO and a business partner of Libyan leader Moammar Qaddafi.

Faisal Saud al-Fulaij, a Kuwaiti businessman and another prominent shareholder, allegedly lined his pockets by taking bribes from Boeing Company when he was the chairman of Kuwait Airways. The Federal Trade Commission alleged that he accepted at least \$300,000 in payoffs from Boeing. Fulaij has denied the allegation.

What's more, the investors who own First American Bankshares also own a controlling

• BCCI used First American's Washington bank to transfer at least \$500,000 worth of Noriega's funds from 1985 to 1987, according to government sources.

• Agha Hasan Abedi, BCCI's founder and president, orchestrated the takeover of First American.

• Shortly after the takeover bid was launched, Abedi told a reporter that if the bid succeeded BCCI would probably run First American.

• First American's shareholders include borrowers from BCCI, personal friends of Abedi's, a director of BCCI, and a longtime executive of the BCCI group.

• Government investigators disclosed in 1988 that a senior BCCI official had told an undercover agent that BCCI owns and controls First American.

• First American's shareholders and their families control more than two-thirds of BCCI's outstanding shares.

• Moreover, the two men who claim to run First American—Clark Clifford, the éminence grise of Washington's power brokers, and Robert Altman, his protégé at the law firm Clifford & Warnke—have represented BCCI for 12 years. When a U.S. Senate subcommittee investigated the BCCI-Noriega connection in 1988, Altman handled the negotiations with the committee. Clifford, then the chairman of First American Bankshares, and Altman, then the president of First American Corporation, also assisted BCCI in the drug-money case.

The relationship between the two banks is so close, some sources within BCCI say, that many employees regard the U.S. institution as an affiliate—a member of "the BCCI group." A few go so far as to say that First American may be secretly—and illegally—controlled by BCCI, with the Middle Eastern shareholders acting as front men. *Regardie's*, however, has found no evidence that this is the case.

In an effort to determine exactly who owns Washington's biggest bank holding company, *Regardie's* conducted dozens of interviews, reviewed court documents from some of the takeover-related litigation, and examined documents obtained from the Federal Reserve Board through the Freedom of Information Act. When it approved the acquisition nine years ago, the Fed wasn't fully aware of the controversial backgrounds of the foreign investors and the extent of their relationships with BCCI. It approved the deal based on assertions by Clifford and Altman that the leading investors were well-known businessmen with impeccable credentials. ▶

THE NORIEGA CONNECTION

In the mid 1980s Amjad Awan, who was Manuel Noriega's personal banker at BCCI, worked around the corner from First American's Washington headquarters. According to information obtained by government investigators, Awan managed the transfer of millions of dollars for Noriega through BCCI's global network, through several Swiss banks, and through First American Bank in Washington.

Regardie's has learned that at least \$500,000 was

transferred from several of Noriega's BCCI accounts into a BCCI account at First American. Additional amounts totaling more than \$250,000 were wired simply to "BCCI Washington." In some cases, investigators say, Noriega himself signed letters that ordered the transfers to First American.

Awan later told a federal undercover agent that he considered First American to be under the control of BCCI.

In a statement to *Regardie's*, First American said that it "has never had any banking relationship of any kind with Manuel Noriega, nor has it ever knowingly handled any funds of Manuel Noriega." BCCI declined comment.

that could alienate or anger some of its customers and employees as well as invite renewed scrutiny by federal and state authorities.

Kamal Adham, First American's biggest shareholder, was the chief of Saudi Arabia's intelligence agency for more than a decade. During his tenure, political opponents of the ruling al-Saud family were tortured or killed, according to human rights organizations. As the head of the secret police, he played a key role in suppressing opposition to the regime. He was also a close adviser to the royal palace and a high-ranking government official at a time when Saudi Arabia had become the largest contributor to the Palestine Liberation Organization. Adham juggled his government service with a career as a businessman, from which he earned hundreds of millions of dollars. Much of his work has consisted of collecting "commissions" from defense contractors and other foreign companies that had done business in the Middle East.

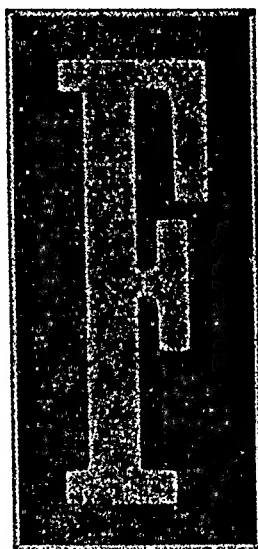
interest in Bank of Credit and Commerce International, a Luxembourg bank that has numbered among its clients former Panamanian dictator Manuel Antonio Noriega, who's awaiting trial in Florida on federal drug charges. In January of this year BCCI pleaded guilty in Florida to federal criminal charges that it had laundered drug money. Five BCCI officers are on trial on similar charges.

Both First American and BCCI say that there's absolutely no connection between the two institutions other than some overlapping shareholders. Robert Altman, the top executive of First American and a lawyer for BCCI, told the *Washington Post* in October 1988 that "the overlap is not as great as you might think."

Regardie's has determined, however, that the ties between First American and BCCI are much closer than either institution would have the public and bank regulators believe. Here are just a few of the links:



Sheikh Zayed (right), the First American shareholder who's called the United States the "number-two enemy" of the Arab world (Israel is number one), has embraced Moammar Qaddafi for more than political reasons. Their governments are partners in Arab Banking Corporation, which recently opened a branch in New York City.



FINANCIAL GENERAL BANKSHARES, AS FIRST

AMERICAN USED TO BE KNOWN, TRACES

ITS ROOTS BACK TO THE MORRIS PLAN,

A PIONEERING CONSUMER-LENDING BUSI-

ness. Arthur Morris, its founder, began his banking career around the turn of the century by making small installment loans to working people—a practice virtually unknown at the time. In 1910 he founded the first "Morris Plan" bank: Fidelity Loan & Trust Company of Norfolk, Virginia. Within 10 years Morris Plan banks were operating in 37 states. In the 1940s and 1950s the company became a financial conglomerate, with interests in such areas as insurance and mortgage banking.

Financial General was an institution with special privileges, a holding company ahead of its time. Although federal banking law sharply restricted interstate banking, Financial General, thanks to a grandfather clause, enjoyed an immensely valuable exemption. By the mid 1970s it controlled banks in Georgia, Maryland, New York, Tennessee, Virginia, and the District of Columbia.

In January 1975 Financial General installed a dynamic Georgia banker as the president of its National Bank of Georgia. During the next few years he would buy control of NBG, leave the bank for one of the most powerful posts in the federal government, quit the government in the midst of a financial scandal, sell NBG to an Arab investor, and then join forces with Arab investors in a scheme to accumulate stock in the bank's former parent company.

The banker's name: T. Bertram Lance.

Bert Lance began his banking career in 1951 as a teller at Calhoun National Bank, a small rural bank that had been founded by his wife's grandfather. Seven years later he and a group of investors bought control of the bank, and he ultimately became its chairman.

Lance backed Jimmy Carter in his 1970 campaign for governor and was later put in charge of reorganizing the state's government. In 1975, shortly after Carter had left the statehouse, Lance and a group of investors bought control of National Bank of Georgia from Financial General Bankshares.

Lance never fit the image of the conservative banker. His lending policies were very liberal—particularly, it was later alleged, when the borrowers were his friends and relatives. Lance's bank was the biggest single lender to Jimmy Carter's peanut warehouse, which once owed NBG \$4.7 million. Moreover, he apparently found it difficult to draw a clear line between his personal financial affairs and the affairs of the bank. For example, he financed his purchase of NBG's stock with loans from two big New York banks and then arranged for NBG to open correspondent banking accounts with them. ▶

WHAT ARE THEY SAYING

In response to questions from *Regardie's*, First American officials say that they will not comment on the names or backgrounds of the bank's owners, contending that it is not "a legitimate area of inquiry."

In one of several letters to the magazine, John W. Vardaman, Jr., an attorney with Williams & Connolly, said, "During the acquisition proceedings for First American, the various bank regulatory authorities, including the Federal Reserve, carefully examined the reputation, character and resources of the investors. ... Similar allegations to the type you have referenced—i.e., the alleged receipt of questionable payments or support for certain groups and their activities—were considered. The banking agencies found the shareholders to be substantial, reputable persons of good character and standing."

Robert Altman, the chairman of the bank's holding company, said in an interview, "We're not in possession of facts about what their other operations are. We don't know what their

political philosophies are, what their personal dealings are."

Regarding First American's relationship with BCCI, bank officials adamantly deny that they are either owned or controlled by the European bank. "This allegation is absolutely false and would, if disseminated, cause serious injury to First American," Vardaman said.

"Practically no business is done" between the two banks, he said.

First American officials wouldn't comment specifically about the common shareholders of the two institutions, except to say that the First American shareholders are "passive" and "are not active in the management of the bank."

A spokesman for BCCI also said that there's no connection with First American. "Certain of the shareholders that own First American have minority stock interests in BCCI," the statement read. "The larger shareholders of First American have relatively small interests in BCCI. The two organizations have different controlling groups of shareholders."

HOW THE BANK DOES

If First American's ownership is controversial, its management seems to be anything but. On the contrary, the bank appears to be a sober, not particularly well-performing institution that's caused little notice in the Washington banking community, other than the past year's shake-up of the bank's top managers.

Clark Clifford, the chairman of First American Bankshares, the bank's holding company, recently stepped down. He was replaced by Robert Altman, who'd been the president of First American Corporation. Jack Beddow, a longtime employee of the bank, has taken over as the president and chief operating officer. He replaced Robert Stevens, who was brought in at the time of the takeover.

Fred Bollerer, the former president of Houston's troubled First City National Bank, was brought in last year to head First American Metro Corporation, the subsidiary that runs the DC, Maryland, and Virginia banks. He replaced Milton Drewer, the bank's best-known

executive in the local business community, who retired.

One reason for the changes may be the bank's lackluster performance. In *Business Week* magazine's recent scoreboard, First American was tied for last place with Riggs National Corporation among the area's eight largest banks. First American's return on assets, a key industry standard, was .61 percent, compared to First Virginia Bank's 1.39 percent and Sovran Financial's 1.14 percent. In 1989 the bank earned \$61 million for its shareholders, down 11 percent from the previous year.

At the same time, regulators seem to be content with the way First American is run. "The bank is sound and well capitalized; it has no major problems," said Sidney Bailey, Virginia's commissioner of financial institutions, about the Virginia subsidiary. "We have had no criticism of the management and no evidence of interference or attempt to influence the policy of the bank by the Middle Eastern investors."

FIRST AMERICAN

When Carter was elected president in 1976, thanks in part to Lance's support, he appointed Lance to be the director of the Office of Management and Budget. But Lance's loose banking practices soon caught up with him and triggered the first scandal of the Carter administration. He was gone by August 1977.

After years of litigation, the Lancegate affair finally concluded in February 1986. In a settlement with the Comptroller of the Currency, Lance agreed to pay a \$50,000 civil fine to the U.S. Treasury. He was also barred from serving as an employee, officer, or director—or otherwise participating in the affairs—of any federally insured bank without the written permission of the appropriate banking agencies. (The story ended on a farcical note: Lance, according to columnist Jack Anderson, paid the \$50,000 fine with a rubber check. The hapless Georgia banker eventually paid the fine.)

At the time of his resignation, Lance was in desperate financial straits. He was more than \$5 million in debt, and his most valuable asset—his stock in National Bank of Georgia—had plummeted in value. His only hope was to sell the stock at well above the market price. Hope soon arrived in the person of Agha Hasan Abedi, the president of Bank of Credit and Commercial International.

IT'S HARD TO IMAGINE A MORE UNLIKELY pair of bankers than Bert Lance and Agha Hasan Abedi.

Abedi was born 67 years ago in Lucknow, India and moved to Pakistan when the country was founded in 1947. He embarked on a career in banking, and in 1959 he cofounded United Bank Limited, which soon became one of the largest banks in Pakistan.

But Abedi was always more than a simple banker. He had an understanding of politics and a knack for making friends in high places. In the 1960s, long before the oil shock created overnight millionaires and billionaires, he courted Arab officials, notably Sheikh Zayed, the ruler of Abu Dhabi, and Sheikh Rashid bin Said al-Maktoum, the ruler of Dubai. (In 1971 Abu Dhabi and Dubai created a federation with five other sheikhdoms called the United Arab Emirates, with Zayed as its president and Rashid as its prime minister.)

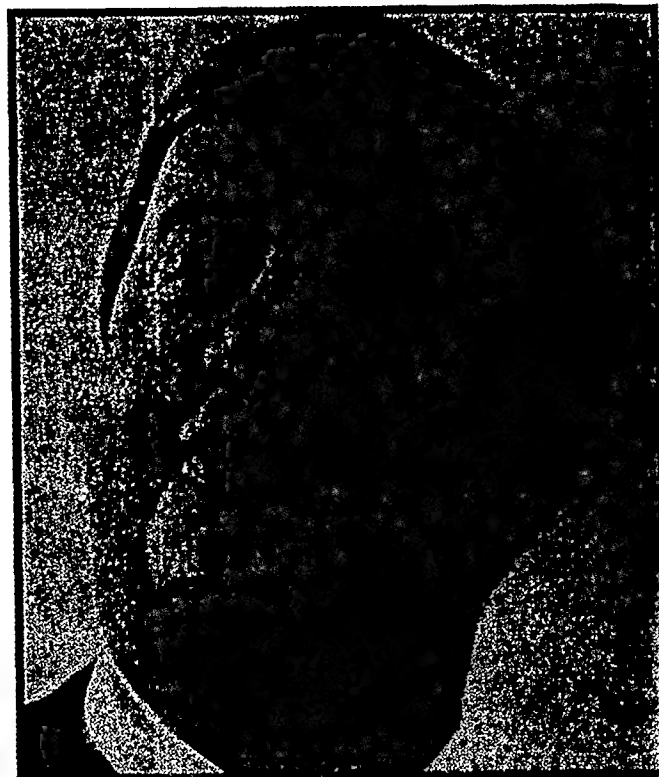
Abedi's Arab connections proved to be invaluable when the Pakistani government na-

tionalized the banking industry in 1972. Abedi moved to Europe and founded BCCI, signing up Zayed, Rashid, and other prominent Arabs as shareholders. Armed with this list of VIPs, he managed to persuade Bank of America, the world's largest bank, to buy a large stake as well, which gave BCCI instant credibility.

Today BCCI's main office is in London, but its legal headquarters is Luxembourg. Abedi has run BCCI from the start, and his management team is made up largely of Pakistani bankers. In recent years, however, he's suffered from serious health problems: he had a heart transplant operation in March 1988. His longtime deputy, a fellow Pakistani named Swaleh Naqvi, is now BCCI's chief executive.

Although Abedi's bank started with only \$2.5 million in capital, it has grown to be the world's fifth-largest privately held bank. During the late 1970s it was the fastest-growing bank in Britain and was touting itself as the fastest-growing bank in the world. Its total assets soared from \$200 million in 1973 to \$2.2 billion in 1977. During the same period its network of offices grew from 19 branches in five countries to 146 branches in 32 countries. By the end of 1988 it had more than \$20 billion in assets, some 14,000 employees, and 417 offices in 73 countries.

Abedi, according to BCCI insiders, was obsessed with growth. As one source puts it: "Their objective—and they said so openly—was to become the largest bank in the world by the year 2000." With the zeal of an evangelist seeking souls, Abedi exhorted his employees to bring in deposits. He also established a vast international network, with branches and subsidiaries across the globe—even in poverty-stricken African countries that were ignored by other banks.

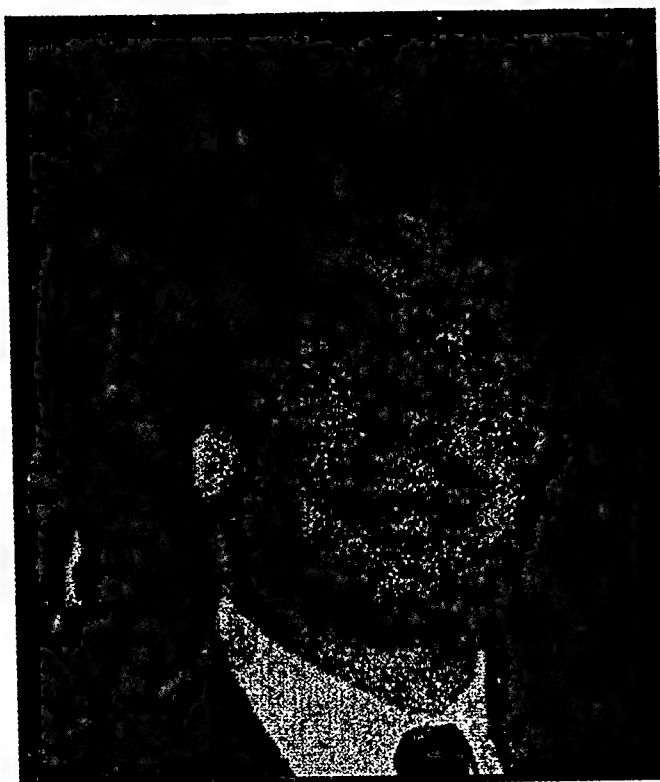
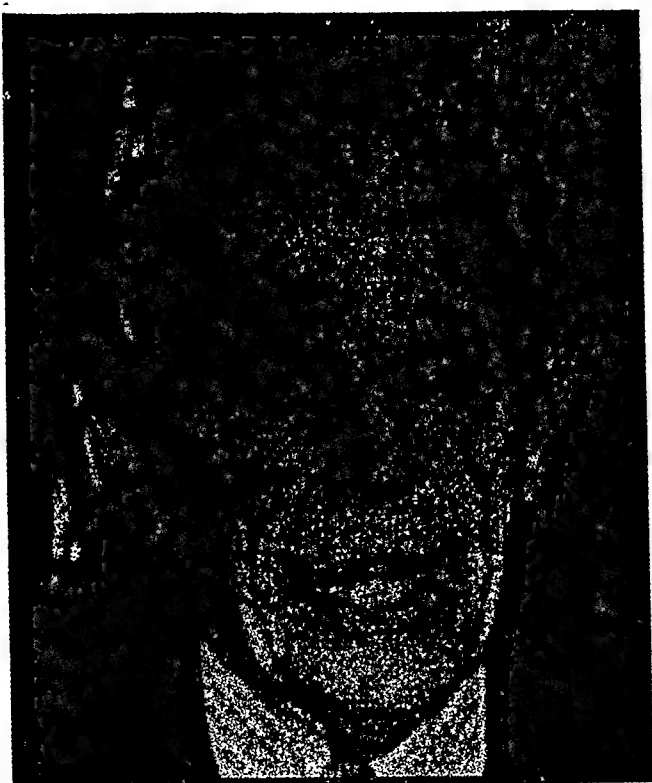


BERT LANCE was President Jimmy Carter's banker and best friend, but by 1977 he was out of the White House and flat broke. Agha Hasan Abedi of BCCI rescued him from his financial plight, hired him as a consultant, and then triggered a hostile and protracted battle for control of First American Bankshares.

No banker with Abedi's ambitions, however, could ignore the world's largest economy: the United States. While BCCI could open branches in the United States, a major acquisition would offer the quickest route to growth.

Lance and Abedi are believed to have met in October 1977 in a Washington hotel. Lance wanted to sell some of his stock in the National Bank of Georgia, and Abedi was a potential buyer.

It would have been illegal, however, for BCCI to buy the stock. Because Bank of America was a large shareholder in BCCI (it pulled out in 1980), such a deal would have violated the ban on interstate banking. But even with Bank of America out of the picture, BCCI was going to be a hard sell to U.S. regulators. Whenever a bank piles on assets very quickly, regulators wonder whether it's being prudently managed. Another cause for concern was that BCCI is incorporated in Luxembourg, which isn't noted for tough banking regulation. Luxembourg also lacks a central bank, which means that no institution is responsible for acting as a lender of last resort if BCCI suffers liquidity problems.



When Abedi and his Middle Eastern clients were charged with violating U.S. securities laws in connection with their stock purchases, they hired Lance's supremely well-connected lawyer, **CLARK CLIFFORD**. After he got Abedi and the Arab investors out of legal trouble, guess who wound up as the chairman of First American?

First American's Arab owners now rely on **ROBERT ALTMAN**, Clifford's protégé, as their man in Washington. Altman runs the show, tries to keep their names out of the news, and works on the side as a lawyer for BCCI. Four months ago BCCI pleaded guilty to criminal charges that it had laundered drug money.

The Bank of England later sent clear signals that it regarded BCCI as something less than a blue-chip institution. In 1978 it forbade BCCI from opening any new branches in the United Kingdom.

Although BCCI itself couldn't buy Lance's bank stock, one of its clients could, and Abedi quickly found one. In late 1977 Ghaith Pharaon, a Saudi businessman, agreed to buy 60 percent of Lance's stock at \$20 a share. A few weeks earlier the stock had been trading for about \$10 a share. Pharaon later acquired 100 percent of NBG.

Lance and Pharaon portrayed the deal as a routine investment, but skeptics abounded. Of the roughly 15,000 banks in the United States, it seemed odd that Pharaon happened to choose a bank that was owned by a close friend, political supporter, and lender to President Carter—and that he would pay top dollar for it. Pharaon, *Business Week* noted, seemed to be "bailing him out to curry favor with President Carter."

Abedi, it was later revealed, did more for Lance than arrange the NBG deal. He also hired him as a consultant and arranged to repay his biggest debt: about \$3.5 million that

he owed to the First National Bank of Chicago.

One of Lance's duties was to recommend investment prospects to Abedi. And this he did. During the discussions about NBG, Abedi learned that stock was available in a much larger institution: Financial General Bankshares, NBG's erstwhile parent. Some sources speculate that Lance wanted Abedi's help to gain control of Financial General, install himself as its president or chairman, and thus recover from the humiliation of the Lancegate affair. It didn't go unnoticed that FGB's headquarters on 15th Street was just around the corner from the White House.

BY EARLY 1977 A GROUP OF ABOUT 20 investors, led by J. William Middendorf II, a onetime investment banker who'd served as the secretary of the navy under presidents Nixon and Ford, had gained control of Financial General Bankshares. But Middendorf found rough seas in his first months as its chairman and president, and some dissident shareholders began to plot his ouster.

One of them was Jackson Stephens, the head of Stephens Incorporated, a large securities firm based in Little Rock, Arkansas,

who joined up with Lance. According to a complaint later filed by the Securities and Exchange Commission, they recommended to Abedi "that BCCI purchase or recommend FGB common stock to its clients."

At first Abedi wasn't interested, but he soon changed his mind. On December 1 he gave the green light. The shares were to be bought on behalf of BCCI clients.

Abedi's approval touched off a frantic buying spree carried out by Lance, Stephens, and Eugene Metzger, a Washington lawyer. They spent millions of dollars to collect blocks of FGB's stock in private purchases from large individual investors as well as on the open market. By early February 1978 they had purchased about 20 percent of Financial General on behalf of four BCCI clients.

On February 7 Lance met with FGB's top executives: B. Francis Saul II, who'd replaced Middendorf as the chairman the previous month, and Middendorf, who'd retained the title of president. What Lance said at the meeting is disputed. According to Middendorf and Saul, Lance said that he represented a group of investors related to BCCI who'd acquired 20 percent of FGB's stock and that

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BCCI wanted eventual control of the company.

"Lance said that he was acting as a representative of Abedi and BCCI," Saul later said in an affidavit. "Moreover, Lance stated that BCCI 'always wants control.'"

Two days after the meeting, Financial General announced that an unidentified foreign bank had bought a large block of FGB's stock "and may be seeking to obtain control of the company." When newspaper reports appeared the next day, however, Lance called Saul to say that there had been a misunderstanding. The buyers, Lance said, weren't acting as members of a group under the direction of BCCI but were merely acting as individual investors.

Abedi had orchestrated the buy-up of FGB's stock very smoothly—except for one detail. If the investors were acting as a group, they

were in flagrant violation of U.S. securities laws. Any investor or investment group that buys 5 percent of the stock of a publicly held company is required to make a public disclosure by filing a 13-D form with the SEC. In what some viewed as a transparent attempt to evade the law, each of the four BCCI clients had bought slightly less than 5 percent of Financial General's stock.

The purchases triggered two lawsuits, one filed by Financial General on February 17, 1978, and the other filed by the SEC a month later. The defendants in the SEC complaint included BCCI, Abedi, Lance, Stephens, Metzger, and the four investors in whose names the stock had been acquired: Kamal Adham; Sheikh Sultan bin Zayed al-Nahayan, one of Sheikh Zayed's sons; Abdullah Darwaish of Abu Dhabi, a financial adviser who represented another of Zayed's sons; and Faisal Saud al-Fulaij.

The BCCI defendants found themselves

in immediate need of legal help, and they chose the Washington lawyer whom Lance had retained when the Lancegate affair exploded: Clark Clifford.

LIKE MANY OTHER ASPECTS OF THE First American saga, the story behind Clifford's involvement is a matter of some dispute. In 1984 Robert Altman, Clifford's partner, told a reporter for the *Washington Post* that the relationship didn't come about via Bert Lance but stemmed from the firm's "international practice." In a recent interview with *Regardie's*, however, Altman said, "I think Mr. Lance recommended this firm."

Whatever the case, Abedi and the Arabs had chosen not only a top-flight lawyer but one with superb political connections.

Clifford, who's now 83 years old, came to national prominence during the presidency of Harry Truman. Although his title was counsel to the president, he was described



Former president Jimmy Carter has lobbied U.S. senators to sell arms to Saudi Arabia and has met with Yassir Arafat, the chairman of the PLO. Have his intimate ties to BCCI, a major Arab-owned bank, shaped his view of the world?

First American Bankshares and Bank of Credit and Commerce International are more than casual acquaintances; they're two banks with a close relationship. But why? What's in it for the Middle Eastern owners of First American? Is the bank simply an investment, or is it something more? Given that the BCCI clients who bought First American include current and former officials of Arab governments, the most obvious question becomes: Are there any political motives behind their investments in the U.S. banking industry?

So far there's no indication that First American has been used as a tool to acquire political influence. There are, however, some connections between the bank's owners and American politicians.

When BCCI helped to rescue Bert Lance from his financial plight, there was widespread speculation that the bank or

its Arab owners were trying to get close to Jimmy Carter. Not surprisingly, Lance and his new-found friends claimed that they were involved in routine business dealings with absolutely no political strings attached.

Those denials ring hollow today. In the years since Carter's departure from the White House, Agha Hasan Abedi, who's BCCI's founder and president, and former president Carter have become close friends; Abedi has channeled large donations to the Carter Presidential Center and to Global 2000, Carter's pet project, of which Carter and Abedi are the co-chairmen. (BCCI is the organization's largest donor.) Global 2000's British office is located in BCCI's headquarters building in London.

Abedi and Carter have traveled to a number of countries on BCCI's corporate plane. When Abedi was hospitalized in 1988, Carter not only vis-

as the most powerful figure on the White House staff. He later served as an adviser to presidents Kennedy, Johnson (whom he also served for a year as the secretary of defense), and Carter.

Clifford's political connections have led some observers to view him as a sort of high-class lobbyist/fixer. It's an image that he evidently regards as distasteful. "There is one point I wish to make clear," he once said. "This firm has no influence of any kind in Washington. If you want to employ someone who has influence, you will have to go somewhere else. . . . What we do have is a record of working with the various departments and agencies of the government, and we have their respect and confidence, and that we consider to be a valuable asset."

In representing the Middle Eastern investors, Clifford led a large team of lawyers that included takeover specialists from New York and Washington lawyers who

had years of experience in dealing with bank regulators. His right-hand man was Altman, who'd just turned 31. The two men are so close that Altman has frequently been described as Clifford's "alter ego."

A consent agreement with the SEC was quickly negotiated. Without admitting or denying guilt, the defendants promised not to violate securities laws in the future. The Middle Eastern investors also agreed to make a tender offer of \$15 a share to all of Financial General's shareholders.

The consent decree touched off one of the longest and most controversial corporate takeover battles in U.S. history. The management of Financial General Bankshares, led by Saul, fiercely resisted the takeover attempt. In addition to suing Lance and his Middle Eastern associates, it dug up plenty of dirt on BCCI, much of which found its way into the press. One of the most damaging disclosures was that BCCI

had made more than \$80 million in loans to "insiders"—companies and individuals that were connected to the bank. (Bank regulators have always frowned on insider lending.) Financial General's lawyers also unearthed a document from Bank of America that called BCCI's loan-loss reserves inadequate—a charge that BCCI disputed.

The two sides eventually signed an acquisition agreement in July 1980. But the deal still had to be approved by the Federal Reserve Board, which would make its decision after it heard the views of federal and state bank regulatory authorities.

WHEN A LARGE BANK HOLDING COMPANY is taken over, the new owner is usually an existing bank. In this case, however, Financial General was to be purchased by dummy companies that were owned by individual investors, none of whom was a banker. A further complication was that all the investors

ited him but arranged for a renowned heart specialist, Norman Shumway of Stanford University, to fly to Britain to treat him.

Prominent Arabs have also provided support for Carter's projects, including King Fahd of Saudi Arabia (some of whose relatives are BCCI shareholders) and Adnan Khashoggi, the scandal-plagued arms dealer. Khashoggi is a former client of Clark Clifford's; a friend of First American's biggest shareholder, Kamal Adham; and a client of BCCI's. In connection with his dealing arms to Iran, Khashoggi transmitted \$12 million through BCCI's Monte Carlo branch.

Carter doesn't seem to be the sort of man who'd become a mouthpiece for foreign governments, but even the most honorable man will listen sympathetically to the opinions of close friends. And in recent years Carter seems to have moved closer to the Arab

point of view. In 1983, for example, he spoke movingly about the plight of Palestinians in the Israeli-occupied West Bank but said nothing about human rights abuses by Arab regimes. In 1986 he lobbied senators to sell arms to Saudi Arabia. And last year he sharply criticized Salman Rushdie for offending Moslems in *The Satanic Verses*.

Another U.S. politician who's popular in the Arab community is Andrew Young, the former mayor of Atlanta. Young served as Carter's ambassador to the United Nations until August 1979, when he was forced to resign for holding unauthorized talks with the PLO. Because of the incident, he's widely viewed in the Arab world as a kind of martyr to America's pro-Israel lobby. During a visit to Saudi Arabia and the United Arab Emirates in 1983, he was accorded VIP treatment. Part of his travel and hotel expenses was paid

by the government of the United Arab Emirates, which is run by Sheikh Zayed bin Sultan al-Nahayan, another of First American's leading shareholders. According to a report in the *Atlanta Journal*, Young's hotel bill in Dubai was paid by the National Bank of Georgia, which was then owned by Ghaith Pharaon, a BCCI shareholder. A former NBG official, however, denies it.

There's also a connection between BCCI and Jesse Jackson, the American politician with the most positive image in the Arab world. In one of the more curious developments of the 1988 presidential campaign, Clark Clifford and Bert Lance sponsored a breakfast meeting between Jackson and a group of mainstream Democrats—a meeting that helped to dispel Jackson's image as a radical. Clifford praised Jackson and said that if he were elected, he'd bring

to Washington "the best brains the party and the country have to offer." After the breakfast, according to a campaign aide, "Jackson frequently told reporters that Clark Clifford was among his 'top policy advisers.'"

Another prominent Democrat who gave a boost to the Jackson campaign is Fred Dutton, a former aide to John Kennedy who promoted Jackson's vice presidential prospects in an op-ed piece for the *Los Angeles Times*. Dutton has been a registered foreign agent for Saudi Arabia for more than a decade and is considered its leading advocate in Washington. One of Dutton's Saudi contacts is Kamal Adham. In *The American House of Saud*, a book on Saudi lobbying, Steven Emerson writes that when Dutton was angling to get the Saudi contract, he made it clear that he wanted to report to Adham.

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were residents of foreign countries. Could U.S. regulators effectively monitor the new owners?

The regulators also wanted to know what role, if any, BCCI would play in Financial General. Questions about BCCI were raised by the Federal Reserve Board, the Federal Reserve Bank of Richmond, the Office of the Comptroller of the Currency, and Virginia's commissioner of financial institutions.

The lawyers for the Middle Eastern investors had their work cut out for them. They'd have to convince the Fed that Financial General would be run by Americans who had solid banking credentials. And this is exactly what Clifford and Altman did. "The lawyers," says one source, "proposed that there be a buffer in the form of a blue-ribbon board of directors, and the shareholders would basically agree to take a walk." BCCI, they said, would have no involvement in the management of Financial General, although it could act as an "investment adviser" to the Middle Eastern owners.

Clifford and Altman discussed this formula with bank regulators at an extraordinary April 1981 meeting at the Federal Reserve's headquarters. *Regardie's* has obtained a transcript of the meeting through the Freedom of Information Act. Although some passages have been censored, it appears that the missing information deals with the personal finances and business holdings of the Middle Eastern investors.

If the takeover were approved, Clifford said to the regulators, control of Financial General would be vested in a board of directors that would consist of distinguished U.S. citizens, including former senator Stuart Symington. Clifford had managed Symington's 1956 presidential campaign and had enlisted his old friend's legal services during the takeover battle. To run the company on a day-to-day basis, he said, the directors would choose "a top, very well regarded commercial banker [as] president and CEO"—someone with 25 or 30 years' experience.

As for BCCI, Clifford said: "There is no function of any kind on the part of BCCI. I know of no present relationship. I know of no planned future relationship that exists." Referring to the dummy companies that would be used as vehicles for the acquisition, Altman said that "there is no connection between those entities and BCCI in terms of ownership or other relationship."

On the positive side, Clifford said that the Middle Eastern investors planned to inject additional equity into Financial General. There is, he said, "a growing feeling among many thoughtful and experienced Americans that it is in the interest of our country... to bring back to the United States as many of the dollars as we can that through the years we send over to the OPEC countries."

One regulator who asked tough questions at the meeting was Sidney Bailey, Virginia's commissioner of financial institutions, who opposed the takeover. Among other things, he expressed skepticism that the proposed takeover was nothing more than a routine investment. Were there political considerations behind a bid to acquire a bank in the U.S. capital?

"I felt like a voice in the wilderness," Bailey says. "The Fed paid little attention to what I had to say."

Four months after the meeting, the Fed officially approved the takeover.

IN APRIL 1982 THE MIDDLE EASTERN investors made a tender offer for the remaining shares of Financial General. Four months later the name of the holding company was changed from Financial General Bankshares to First American Bankshares. (Some of the subsidiaries had already adopted the First American name; most of the others have since followed suit.)

The new owners installed a new board of directors made up of prominent Americans, many of whom had close ties to Clifford. Altman and Symington joined the board, the latter as the vice chairman. The distinguished American chosen to be the chairman of the board: Clark Clifford.

And what about the seasoned banker who was to serve as the president of the company? That part of the understanding with the Federal Reserve was fulfilled by the appointment of Robert Stevens, the former chairman of BancOhio Corporation, a large bank holding company based in Columbus. But in an unusual twist, a new corporate entity, First American Corporation, was placed at the top of the organizational chart, with Altman as its president. Thus, of the four top positions at First American, only one was held by a banker. (Stevens retired last July and was succeeded by Jack Beddow, a veteran First American executive. Clifford also retired recently and was succeeded by Altman.)

In addition to being First American's top executives, Clifford and Altman are among

the company's top lawyers. They have steered a lucrative share of the company's legal work to Clifford & Warnke, a fourth of whose 18 lawyers handle bank-related matters.

Over the past eight years the long and controversial battle for control of First American has faded from memory. The Middle Eastern investors and their links to BCCI and Lance are seldom mentioned in the press. It's probably a safe bet that most of the company's customers assume that First American is U.S.-owned—a misconception reinforced by its name and flag-waving advertising campaign.

AS A BANK HOLDING COMPANY, FIRST American Bankshares is required to provide detailed ownership information to the Federal Reserve Board. When *Regardie's* first tried to find out who owns First American through the Freedom of Information Act, however, the Fed declined to grant the request.

Among the documents that the Fed did provide were two letters from a lawyer for the Middle Eastern investors requesting that the Fed not disclose their names to the public.

Further evidence of First American's touchiness about the subject of its ownership was displayed when the company was defending itself from a lawsuit in 1988. The Middle Eastern investors, in taking over the company in 1982, didn't acquire 100 percent ownership of all the banking subsidiaries. In 1987 First American Bankshares decided to buy out the minority shareholders in First American of Maryland and First American of Virginia at a price of \$42 a share. Several of the Maryland bank's investors complained that the price was too low and took advantage of a state appraisal system to win a higher price. In Virginia, which has no such appraisal system, the dissenting shareholders went to court. In September 1988 a federal jury in Alexandria awarded the investors \$60 a share.

During the discovery phase of the case, lawyers for the plaintiffs met stiff resistance when they tried to determine who owned the company. When the question was put to Altman during a deposition, he steadfastly refused to provide any names. When the plaintiffs' attorneys persisted, Altman's lawyer snapped that the identity of the owners was "none of your business." When specific names were put to Altman, however, he did confirm their status as shareholders.

In a pretrial motion, First American's lawyers went so far as to ask the judge to forbid

the plaintiffs' lawyers from mentioning in court the names or nationalities of the company's shareholders—or even that the bank was foreign-owned. They argued that it was irrelevant to the case, largely because Clifford and Altman ran the company; the owners played no role, they said, in setting the \$42-a-share price to be paid to minority shareholders. They also claimed that the disclosure that the bank is Arab-owned could stir up prejudice in some of the jurors.

The unusual requests to the Federal Reserve and to the judge in Alexandria underscore how sensitive First American is about its foreign connections. One of the stated reasons for the sensitivity—the possibility of anti-Arab prejudice—may have some validity. Another reason—that the Arab investors have absolutely no influence over the company—isn't so convincing.

The owners may give Altman and Clifford considerable autonomy, but as their employers they have the right to fire them whenever they want. Furthermore, how can the public be assured that the owners have no influence as long as their identities remain secret?

Potential customers and employees also have a legitimate interest in knowing who owns First American. Should they decide that the owners are objectionable people, for example, they might well decide not to deal with the company.

There's another important reason that the identities of First American's owners are a matter of public interest. The takeover was highly controversial. How does the public know that the Fed did its job properly if it refuses to say who was permitted to buy the company?

Among the first group of documents obtained by *Regardie's* from the Federal Reserve is a letter from Paul Volcker, who was then the Fed's chairman, to the late Benjamin Rosenthal, a Democratic congressman from New York. The letter is dated November 16, 1982, about three months after the Fed approved the takeover. In the letter Volcker says that the Fed had recently received a Freedom of Information Act request for shareholder information, that the disclosure had been deemed "appropriate," and that "a response is being prepared to that request that will include the shareholder information."

When the Federal Reserve refused to provide shareholder information to *Regardie's*, the magazine protested the ruling and brought Volcker's letter to the attention of the Fed's lawyers. The Fed then reversed itself, saying that it would release the names of the share-

holders, along with each one's percentage ownership in the bank, in 10 days. Before the 10-day period had expired, however, First American complained, which led the Fed to deliver yet a third decision. This time the Fed agreed to release the names of the investors who held at least 5 percent of the stock, but it would only reveal the exact percentages for those investors who held 10 percent or more. These nine investors account for all but 1.75 percent of First American's stock.

The list (see page 69) reveals that First American's biggest shareholder is Kamal Adham, who owned 12.63 percent of the company at the end of 1988. In addition, Adham Corporation Limited owned a block of between 5 and 10 percent. The other owners included Sheikh Zayed (11.76 percent); Sheikh Khalifa bin Zayed al-Nahayan, one of Zayed's sons and the crown prince of Abu Dhabi; the Abu Dhabi Investment Authority, which Zayed controls; Faisal Saud al-Fulaij; Abdul Raouf Khalil of Saudi Arabia; Mashriq Holding Company, the personal holding company of Sheikh Hamad bin Mohammed al-Sharqi, the ruler of Fujaira, which is a member of the United Arab Emirates; Ali Mohammed Shorafa of the UAE; Sheikh Humaid bin Rashid al-Naomi, the crown prince and deputy ruler of Ajman, another UAE member state; Khalid Salem Bin Mahfouz of Saudi Arabia; and Mohammed Hammoud of Lebanon.

These are the names that First American has gone to such great lengths to conceal from the public.

An examination of the investors' backgrounds suggests that First American may have good reason to suppress their names—not because some customers and employees may be prejudiced against Arabs in general but because some Americans may take a dim view of some of these particular Arabs.

WHEN CLIFFORD AND ALTMAN MET with bank regulators at the Federal Reserve in April 1981, they were accompanied by Kamal Adham and three other investors. After describing Adham as "a prominent businessman in Saudi Arabia," Clifford lavished praise on him. "I have come to have the deepest respect for his character, for his reputation, for his honor, and for his integrity," Clifford said. "I'm proud to be an associate of his."

Throughout the proceedings, Clifford referred to Adham as "His Excellency"—a term

that isn't generally applied to Saudi sheikhs. In Saudi Arabia, the term *sheikh* isn't a title of nobility but simply an honorific for a respected person—roughly equivalent to referring to a distinguished Spaniard as "Don." Taking their cue from Clifford, the regulators began to refer to Adham as "His Excellency."

Clifford recounted what he described as a recent conversation with B. F. Saul, the chairman of Financial General. "He [Saul] had occasion to go to London, maybe more than once," Clifford said. "He had occasion to go to the Middle East, the Persian Gulf countries. I remember later on his talking with me, and he said, 'I have looked into the reputation, particularly of the leader of the group, of His Excellency Sheikh Kamal Adham.' And he said, 'It's difficult to recall a time when I have heard such universal commendation for an international businessman. I hear it in London. I've heard the most commendatory comments. I've heard about him in countries of the Persian Gulf. I have not heard one whisper of criticism against this man.' And he said, 'I feel perfectly comfortable about this group, headed by this man, coming in and taking over our banks.'"

(Saul disputed Clifford's account in a recent interview with *Regardie's*: "I never did go to the Middle East to meet him. I think I met Kamal Adham in Washington once. I don't think I ever met him in London. I met him for 20 minutes. I did not try to make a judgment whether they should own a bank. That was something for the Federal Reserve to do. All I was concerned about was whether this was in the best interest of the shareholders, and I thought it was. I didn't know these people.")

When it was Adham's turn to speak, "His Excellency" provided some background information on himself. He said that he'd studied at English schools in the Middle East, including Victoria College in Cairo, and that he spoke "English, Arabic, and Turkish as well as some French and Italian." As for his business career, he said that he had "interests in a number of business enterprises, ranging from general contracting to manufacturing plants."

This portrait of Adham was incomplete. Long before he appeared at the Fed, newspaper stories had described him as Saudi Arabia's former intelligence chief. He'd held that post until 1977 and had served as a royal adviser until early 1979—two years after he started to buy stock in Financial General.

As far as can be discerned from the censored transcript of the meeting, there was no discussion of Adham's government ca-

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reer nor of how he'd earned his fortune.

Born in Turkey in 1929, Adham is the half-brother of Iffat, the favorite wife of the late King Faisal, who ruled Saudi Arabia from 1964 until his death in 1975. Adham and the much older Faisal were extremely close. During Faisal's years in power, Adham was one of the most powerful men in Saudi Arabia. David Holden and Richard Johns, the authors of *The House of Saud*, an authoritative book on Saudi Arabia, described Adham as Faisal's "closest confidant and adviser" and his "right-hand man."

Adham's most important role was to help the king set up an intelligence organization to protect the royal family from enemies at home and abroad. In the early 1960s he was put in charge of the Foreign Liaison Bureau and, in Holden and Johns's words, "given general supervision over the General Intelligence Directorate, the internal security service."

On the home front, the Saudi regime faced threats from several sources, including dissident members of the al-Saud family, foreigners who lived in the kingdom, Nasserites, religious zealots, and rebellious members of the armed forces. In 1969, for example, there were at least two coup attempts.

Faisal was capable of using brutal methods to suppress opposition. Some of his opponents, in the words of an authority on the kingdom, "were mercilessly hunted, and, when caught, they were tortured and imprisoned for lengthy periods." Some of the officers who were arrested in the wake of a 1969 coup plot were tortured by the secret police; a few of them died in prison. The repression continued into the 1970s and 1980s. In its 1977 human rights report, Amnesty International said that it knew of 200 political prisoners by name.

When it came to the kingdom's external relations, Adham acted as Saudi Arabia's liaison with the CIA, French intelligence, and other foreign spy agencies. He developed such close ties with Anwar Sadat that he was known as Saudi Arabia's "Mr. Egypt." One way that the Saudis cultivated Sadat was by showering money on him. As part of an effort to encourage Sadat to expel Soviet military advisers from Egypt, Adham channeled enormous sums—"hundreds of millions of dollars," according to one source—to Cairo.

The "subsidies" to Egypt illustrate how Saudi Arabia has used money as an instru-

ment of foreign policy. "The Saudis don't have much to offer by way of manpower and military assets," says William Quandt of the Brookings Institution, an authority on Saudi Arabia. "What they have to offer is money."

One important beneficiary of Saudi largesse has been the Palestine Liberation Organization. Saudi Arabia is widely acknowledged to be the PLO's biggest financial backer. In his 1981 book on Saudi Arabia, *The Kingdom*, Robert Lacey wrote: "Increasing Saudi subsidies to the PLO since 1973 have given the organization currency reserves estimated at over a billion dollars—larger than those of many Third World countries—and most inhabitants of the Kingdom are proud that Saudi oil revenues should be supporting the cause of their Palestinian brothers."

Despite his governmental responsibilities, Adham found time to engage in business activities during the 1960s and 1970s—and with impressive results. In 1981 he told the Federal Reserve Board that his net worth was \$255 million.

Business acumen no doubt played a role in Adham's success. Also important, though, were his political connections. His business career is almost a textbook case of how highly placed Saudis profit from their connections.

One of Adham's first important business ventures involved oil. In the late 1950s and early 1960s Saudi Arabia's oil minister was Abdullah Tariki, an aggressive, U.S.-educated petroleum engineer. In Tariki's view, the "Seven Sisters"—the leading international oil companies—had long been taking advantage of Saudi Arabia and other oil-producing countries. Tariki did his best to extract more money from the companies, even to the point of opening negotiations with a Japanese company. (In a move that would later turn the world upside down, Tariki and his Venezuelan counterpart teamed up to found OPEC in 1960.)

But Tariki and the Japanese weren't the only parties involved in the discussions. The Japanese had engaged a well-connected Saudi as their agent: Kamal Adham. Adham's precise role in the deal is a matter of some dispute. It's clear, however, that Tariki complained vociferously that Adham was undercutting his negotiating clout. Many years later Tariki reportedly said that he'd managed to get the Japanese to cancel a secret 2 percent commission to Adham—which was to be paid on top of the commission that Adham was openly receiving. But Adham had the last laugh. In 1962 Tariki was dis-

missed and forced into exile, while Adham went on to become one of the most powerful men in the kingdom.

Adham has counted among his clients U.S. and European companies that manufacture arms. In the mid 1960s Kermit Roosevelt, an agent for Northrop Corporation, found that Adham appeared to be representing three foreign defense contractors simultaneously—and was trying to sign up Northrop. In a letter to Northrop, Roosevelt said he understood that Adham "already has a piece of the Lightning deal, the Mirage deal, and the Lockheed deal and is trying to complete the square by an arrangement with Northrop." Roosevelt concluded that it was probably a good idea for Northrop to engage Adham. "Without him," he said, "we are going to be weakly represented."

The Egyptian connections that Adham had acquired in his role as intelligence chief were of great value when he did business in that country. "Adham was the main intermediary in the deals whereby Saudi Arabia bought French weapons on behalf of Egypt," Holden and Johns wrote. "The commissions from these sales, including the Mirage aircraft, were understood to have been channeled through his company, Arcan."

One of Adham's American clients in the 1970s was Boeing Company, according to reports in the *Wall Street Journal*. Adham, the *Journal* said, received large commissions from Boeing in exchange for promoting sales of its jets. His link to Boeing came to light in the mid 1970s, when U.S. government agencies investigated "questionable payments" made by Boeing and other U.S. companies to Americans and foreigners, including government officials.

The SEC and the Federal Trade Commission charged that Boeing had made tens of millions of dollars in questionable payments in connection with foreign aircraft sales. Both cases were settled in 1978 with a consent arrangement. In connection with the SEC settlement, Boeing filed a report in which it admitted making such payments, although certain names and details were deleted. One such deal involved the sale of \$137 million worth of aircraft to a customer in Egypt. In connection with that transaction, Boeing paid \$8.7 million to corporations in Liechtenstein; Boeing said it believed that the ultimate recipients were individuals who'd arranged or provided financing for the sale.

The names of those individuals were deleted from the Boeing report. The *Wall*

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Street Journal filled in some of the blanks in a June 1978 article, based on interviews with U.S. government sources. Boeing was assisted, the paper said, by Adham and Mahdi al-Tajir, a diplomat from the United Arab Emirates. Mahdi al-Tajir had encouraged Sheikh Zayed to lend Egypt up to \$90 million to finance the aircraft purchases, U.S. officials said, while Adham had used his influence with the Egyptian government to ensure that Boeing would be the supplier. Over the years, the *Journal* said, "Boeing has paid millions of dollars in commissions to Mr. Adham and Ambassador Tajir."

Adham invested much of the money he earned as an agent for foreign companies in conventional businesses, among them First American. Another bank in his investment portfolio is Allied Arab Bank, a London-based institution. He's its biggest shareholder; his partners are his friend Mahdi al-Tajir and Britain's Barclays Bank.

Documents obtained by *Regardie's* from the Federal Reserve show that an SEC official told the Fed that the names of two of the Middle Eastern investors had come up in the Boeing investigation. In a letter to the SEC asking for more information, the two investors are referred to, but their names were excised from the version released to *Regardie's*. They are described as "Mr. _____ of Saudi Arabia and Mr. _____ of Kuwait." If the *Wall Street Journal's* reporting is correct, the Saudi in question is Kamal Adham.

There is no doubt about the identity of the other investor: only one Kuwaiti was involved in the takeover. He is Faisal Saud al-Fulaij, another major shareholder in First American.

From 1964 to 1977 Fulaij served as the chairman of Kuwait Airways, the state-owned airline. For an airline executive, he accumulated an impressive fortune—\$70 million, according to a document filed with the Fed in 1981. In the late 1970s the Federal Trade Commission identified him as the recipient of at least \$300,000 in bribes. The commission's draft complaint said: "The payment, at the direction of a Boeing Co. officer, was made through a fictitious Swiss consulting firm." Fulaij has denied the allegation.

Since the late 1970s Fulaij has been the chairman of Kuwait International Finance Company, which has been listed in BCCI's annual reports as an affiliate. Fulaij told the

Federal Reserve that he was also the president of Kuwait Sanitary Wares Company, which, he said, "manufactured plumbing and ceramic equipment."

INVESTORS FROM ABU DHABI—SHEIKH Zayed, his son Sheikh Khalifa, the Abu Dhabi Investment Authority, and Ali Shorafa—own a large chunk of First American. Because Zayed is the absolute ruler of Abu Dhabi, the Abu Dhabi Investment Authority, a government investment fund, is widely regarded as his personal property.

Sheikh Zayed came to power in 1966 by deposing Sheikh Shakhbut, his older brother. Shakhbut reportedly had peculiar attitudes about the proper way to invest money. There have long been rumors that he didn't believe in banks and kept gold bullion and millions of dollars in cash at home. He was eventually persuaded to put some of his money in the bank, the story goes, when he learned that rats had nibbled away a fortune in bank notes.

Shakhbut had refused to spend the sheikhdom's oil wealth to raise the living standards of his people. Thus, when Zayed replaced him, the change in power was widely welcomed.

Zayed, unlike his brother, is a big spender. He's spent vast sums on lavish construction projects, some of which are regarded as white elephants. The largest chunk of the sheikhdom's money, however, has gone into his pocket. *Fortune* magazine has estimated that Zayed is worth about \$1.5 billion—not including the billions of dollars in assets held by the Abu Dhabi Investment Authority. The ADIA is a joint owner—along with the Libyan Treasury Secretariat and the Kuwait Ministry of Finance—of the Arab Banking Corporation, one of the Arab world's largest banks.

Zayed has a large family to support. In the late 1970s it was reported that he'd been married as many as 14 times—although, of course, he's presumably never had more than four wives at any one time (the limit under Islamic law). He reportedly has 22 daughters and 19 sons.

His wealth derives from Abu Dhabi's oil revenues, which shot up dramatically after the 1973-74 OPEC price increase. Around the same time, a number of Arab countries cut off shipments of oil to the United States, along with a few other countries, to punish them for their support of Israel during the 1973 Yom Kippur War. Abu Dhabi was the

first Arab country to declare an embargo against the United States.

Over the years Zayed has also channeled tens of millions of dollars to the PLO. He's been an outspoken critic of the United States and its relationship with Israel. "Israel is our number-one enemy," he told reporters last December, "and America is our number-two enemy." Two days later he reportedly met with PLO leader Yassir Arafat and assured him of his support for the Palestinian uprising on the Israeli-occupied West Bank.

Up until sometime in late 1981 or early 1982, the man in charge of managing Zayed's personal fortune was Abdullah Darwaish. As "Chairman/Director General of the Department of Personal Affairs of H.R.H. Ruler of Abu Dhabi and Chairman of the Abu Dhabi Investment Company," he'd acquired shares of Financial General as a sort of trustee for Zayed's young son Mohammed.

In March 1982, several months before the takeover was consummated, Sheikh Zayed brought two suits in U.S. courts charging that Darwaish had been involved in an elaborate scheme to defraud him of \$96 million. Darwaish had already been under house arrest in Abu Dhabi for several months; his chief deputy, Riaz Saleem Aslam, had been jailed there in late 1981.

"Documents filed in that case," the *Washington Post's* Jerry Knight reported in August 1982, "indicate Darwaish's troubles in Abu Dhabi were known weeks and perhaps months before he and his partners bought control of Financial General but were never disclosed to bank officials, stockholders, or regulatory agencies."

"Neither the Securities and Exchange Commission, which regulates corporate acquisitions, nor the Federal Reserve Board, which has authority over bank holding companies, has been informed of Darwaish's troubles in Abu Dhabi, sources at the two agencies said."

The same day that the story appeared, Michael Bradfield, the general counsel to the Federal Reserve Board, wrote to Clark Clifford to ask for more information. Clifford responded in a letter dated August 16. In it he stressed that Darwaish owned no shares in the company but was merely representing Zayed's son Mohammed, and he added that Mohammed would be handling his own investments in the future. He denied that any information had been withheld from regulatory agencies. In one passage he branded the *Post's* story "inaccurate, misleading, unwarranted, and irresponsible" and

said that he had informed Benjamin Bradlee, the executive editor, of "the gross inaccuracies in the article." The *Post*, however, published no correction, letter to the editor, or follow-up article.

One important issue was lost in the shuffle. The formal tender offer for Financial General Bankshares, filed with the SEC on March 3, 1982, listed Abdullah Darwaish as one of the three controlling shareholders in the takeover group (along with Adham and Fulajj) and described him as the chairman of the Abu Dhabi Investment Company and the chairman of Sheikh Zayed's Department of Personal Affairs. At the time, however, he'd already been stripped of his official duties and placed under house arrest.

In March 1989 the New York Court of Appeals ruled unanimously that Zayed couldn't press his claim because he'd refused to be deposed in the case. Riaz Aslam, Darwaish's deputy, was reportedly still languishing in an Abu Dhabi prison. As for Darwaish, *Regardie's* has been unable to ascertain his whereabouts.

Khalid Salem Bin Mahfouz, one of Saudi Arabia's most prominent businessmen, first bought shares in First American in 1986. His family controls the largest bank in Saudi Arabia, National Commercial Bank, and has a net worth estimated to be more than \$1.5 billion. Khalid's father is the bank's founder; Khalid and his brothers run it.

Like many of Saudi Arabia's super-rich, the Bin Mahfouz family has benefited from royal patronage. King Saud granted permission to establish the bank in 1954. Another apparent privilege was granted much more recently. In the late 1970s the Saudi government ordered the nation's private-sector banks to sell stock to the public. Only one bank didn't do so, presumably because of a special exemption: National Commercial.

First American was by no means Bin Mahfouz's first investment in the United States. In 1977 he teamed up with former treasury secretary John Connally, Texas banker Fredrick Erck, and Ghaith Pharaon to buy Main Bank, a small bank in Houston, Texas. The following year Connally introduced Bin Mahfouz to Nelson Bunker Hunt and his brother, Herbert, who were on the lookout for partners as part of their effort to corner the world's silver market. In 1979, according to British journalist Stephen Fay, the Hunts and Bin Mahfouz established an offshore company to serve as a vehicle for silver investments, but the silver scheme collapsed, and Bin Mahfouz was rumored to have suffered huge losses.

ASIDE FROM BEING WEALTHY ARABS, Kamal Adham and the other principal owners of First American Bankshares have one thing in common: all of them are closely associated with BCCI.

At least seven of First American's 10 apparent shareholders also own stock in BCCI, according to BCCI's latest available list of shareholders, which is dated October 31, 1988. The Abu Dhabi contingent—Zayed, his relatives, the Abu Dhabi Investment Authority, and Ali Shorafa—accounts for the biggest block of BCCI shares. Bin Mahfouz and his brothers owned 20 percent of BCCI. (They reportedly bought their stock in BCCI at about the same time that Bin Mahfouz invested in First American.)

The owners of First American are connected to BCCI in many other ways. All of them have been described as "BCCI clients," in the sense that the bank provides investment advice to them. Sheikh Zayed is a close friend of Abedi's and a partner with BCCI in its UAE subsidiary, Bank of Credit and Commerce (Emirates). Adham has been a BCCI depositor and borrower. Fulajj is a longtime executive of the BCCI group; when he first bought stock in Financial General, he was the chairman of Kuwait International Finance Company, a BCCI affiliate. (BCCI owns 49 percent of KIFCO.) BCCI's annual reports show that Fulajj served on the board of BCCI's Italian subsidiary, Italfinance International S.p.A., from 1982 to 1986. Bin Mahfouz has served on BCCI's board of directors.

These close ties to BCCI and Abedi, its president, raise an obvious question: What is the relationship between First American Bankshares and BCCI?

ABEDI'S KNACK FOR FORGING POLITICAL connections has been controversial, partly because BCCI has sometimes employed highly questionable techniques. The bank has entered into business partnerships with political figures, provided jobs for them and their offspring, paid their travel expenses, and given them loans.

In many of the countries in which BCCI has made powerful friends, it has received certain privileges or outperformed other foreign banks. BCCI spokesmen say this is a coincidence; other bankers are skeptical.

The United Arab Emirates, for example, has been described as the most overbanked country in the world; it has a huge number of branches that serve a population of less than 1.5 million. In 1982 the UAE decreed

that foreign banks would be limited to eight branches apiece. BCCI managed to get around the rule by setting up a separate bank, Bank of Credit and Commerce (Emirates). It didn't go unnoticed that Sheikh Zayed and his relatives own stock in both BCCI and BCEE.

Many foreign banks have abandoned Nigeria in recent years, amid complaints that economic travails and government restrictions have made it extraordinarily difficult for them to generate profits. But BCCI's 40 percent-owned Nigerian subsidiary has been expanding rapidly and making so much money that it's now one of its most profitable units. The chairman—and one of the shareholders—of BCCI's Nigerian subsidiary is Ibrahim Dasuki, a wealthy businessman who's so close to Nigerian president Ibrahim Babangida that he's been described as Babangida's "political godfather."

BCCI's most impressive political connections were forged in Pakistan during the 10-year rule of Mohammad Zia ul-Haq, the repressive dictator who died in 1988. Sources in Pakistan say that Abedi was one of Zia's closest friends and a key adviser. BCCI hired a long list of senior Pakistani officials who'd served under Zia.

BCCI's image has also suffered because of its involvement in flight capital—money moved abroad by people who live in unstable countries. Most flight capital is exported by rich people in Third World countries, and they usually have to violate foreign exchange controls to accumulate their money abroad.

Most big banks are happy to accept deposits from customers who've smuggled the money abroad, but they generally avoid violating exchange controls. In at least six developing countries, officers of BCCI have been accused of exchange-control violations; they've been found guilty in three of them.

But all of BCCI's previous controversies have been dwarfed by the issue of drug money.

One former BCCI customer who was allegedly involved in the drug trade is Manuel Noriega, the former Panamanian dictator. In February 1988 Noriega was indicted in Miami and Tampa on federal drug charges. Around the time of the indictments, two convicted traffickers testified at Senate hearings that they'd dealt with Noriega—and with BCCI—in Panama. One of the traffickers, Leigh Bruce Ritch, testified that he'd been referred to BCCI by Cesar Rodriguez, one of Noriega's closest associates. The traffickers' testimony was buttressed by José Blanton, a former Panamanian diplomat. ▶

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BCCI, according to Blandon, had been used for money laundering by both Rodriguez and Enrique Pretelt, another associate of Noriega's, who at the time was under indictment in the United States on drug charges.

In the wake of the Noriega hearings, the Senate Subcommittee on Terrorism, Narcotics, and International Operations, chaired by John Kerry of Massachusetts, launched a secret inquiry into BCCI. On September 30, 1988, the Kerry committee deposed Amjad Awan, BCCI's country manager for Panama from 1981 to 1984. Awan, who'd acted as Noriega's personal banker, said that the dictator had channeled millions of dollars through his BCCI account, most of the deposits had been in cash. Noriega had been so pleased with the service he'd received, according to Awan, that he'd made a personal appeal to Abedi not to transfer Awan from Panama. Abedi had gone ahead with the transfer anyway, but Awan had assured Noriega that "I would be available to him whenever he needed me."

Kerry's subcommittee wasn't the only unit of the U.S. government that was taking a close look at BCCI. At the same time that Awan was testifying, he and several of his BCCI colleagues were the targets of an undercover investigation of money laundering that had been launched in 1986 by the U.S. Customs Service. A customs agent posing as a money launderer had channeled millions of dollars in cocaine money through BCCI. Awan was one of several BCCI officers who'd allegedly been eager to help out.

In early October 1988 a federal grand jury in Tampa returned an indictment against BCCI and nine of its employees, including Awan. BCCI and eight of the bankers were charged with laundering about \$14 million in cocaine money.

When the indictment was unsealed, U.S. Customs Commissioner William von Raab called BCCI "an institution that was prostituting itself to money laundering."

In April 1989 a federal grand jury in Tampa returned a superseding indictment against BCCI. The new indictment alleged that BCCI officers were involved in laundering drug money as far back as 1983—three years before U.S. Customs launched the investigation that led to the original indictment. The new indictment also alleged that the laundering of drug money was part of BCCI's corporate

strategy. BCCI and its Colombian subsidiary, it said, implemented "a corporate strategy for increasing BCCI's deposits by encouraging placements of cash from whatever sources, specifically including 'flight capital,' 'black market capital,' and the proceeds of drug sales, in conscious disregard of the currency regulations, tax laws, and antidrug laws of the United States and of other nations."

BCCI settled the case last January with a plea bargain. It and an affiliate pleaded guilty to money-laundering charges and forfeited \$15 million: in exchange, prosecutors dropped the charges against BCCI's Luxembourg holding company as well as BCCI's Colombian subsidiary. Five officers of BCCI are now on trial in Tampa, and the U.S. government is seeking to extradite another BCCI officer from London. British authorities are expected to put still another BCCI official on trial in that country.

WHAT EXACTLY IS THE RELATIONSHIP between First American Bankshares and the bank that the U.S. government has branded a corporate criminal?

The official version is that there is none. The two shareholder groups overlap to a certain extent, officials of First American Bankshares say, and BCCI provides advice to some of the Arab investors—and that's about it.

"BCCI has not been involved at any time in any respect in the establishment of policy or in the control or management of First American or any of its subsidiaries," one of First American's lawyers said in a letter to *Regardie's*. "This has been confirmed by the management of First American and reaffirmed in regular bank examinations."

The official version of the relationship, however, shouldn't be accepted at face value. BCCI officials and lawyers for First American's owners have made numerous questionable statements over the years. In at least a few cases, BCCI officers have given false information to reporters.

Some of the most egregious examples are from early 1978, when it was first reported that BCCI might have been behind Bert Lance's efforts to buy shares of Financial General. On February 13, the *New York Times* reported that BCCI officials "flatly denied making any purchases of or having any involvement in efforts to acquire Financial General stock." According to the *Times*, Dildar Rizvi, a BCCI official, "said that he had spoken today with Mr. Abedi, who also denied any connection with efforts to purchase Finan-

cial General stock." A little more than a month later Rizvi (who is now one of BCCI's most senior officials) told a reporter for the *Washington Post* that Bert Lance "was paid nothing by the bank"; Allaadin Shaik, another BCCI executive, said that Lance had "received absolutely no loans from BCCI or loans arranged by BCCI."

All of these statements were later proven false. Abedi himself, in fact, later admitted that BCCI had lent Lance about \$3.5 million.

During and after the takeover battle, the BCCI "clients" and their lawyers also made numerous questionable statements about the deal. Clark Clifford, for example, provided this extraordinarily terse account of Lance's role during the April 1981 meeting at the Federal Reserve: "At one time he did own a few shares of stock. He sold the stock. Retired from participation in it." And Altman recently told *Regardie's* that Lance hadn't had "any significant role in the acquisition."

In fact, however, Lance had been a paid financial adviser to BCCI, had helped to collect the stock, and had approached the management of Financial General on the investors' behalf.

In a 1979 deposition, and again at the Fed meeting in 1981, Adham said that the stock had been recommended to him by a friend who worked at the Saudi embassy in Washington. "Mr. [Hassan] Yassin advised me that the stock had become available for purchase in Financial General and that this company might provide an attractive investment opportunity," he told the Fed in 1981. "I asked BCCI to evaluate this property for me and advise me as to its suitability as an investment."

Three years earlier, however, U.S. District Court Judge Oliver Gasch had found in a civil suit that it was Abedi who had recommended the Financial General stock to Adham.

At the Fed meeting, Clifford, Altman, and Adham went to great lengths to portray the share buy-up as a routine investment. Adham and his partners weren't members of a group involved in a secret scheme to acquire control of the company, they said, but simply ordinary investors in the U.S. stock market.

The assertion that BCCI wasn't involved in the takeover—that the buyers were merely several unrelated investors who happened to be customers of BCCI—had already been demolished by Gasch, who'd agreed with the SEC that the shareholders were acting as a group to take over Financial General in violation of securities law. He'd found that Abedi had essentially put together the deal, assem-

bling a group of investors and instructing Lance and others to buy stock for them.

There can be little doubt that Abedi was interested in acquiring a foothold in the United States. But major legal and regulatory obstacles stood in his way. In fact, BCCI had run into trouble with state banking regulators three years before the Financial General battle. In 1975 a BCCI client had tried to acquire the Bank of Chelsea, a small institution in New York City. But after he'd made it clear that BCCI would be involved in running the bank, New York State bank regulators withheld their approval.

At a December 1, 1977 meeting that was attended by Lance and others, Abedi, the SEC said, "discussed the possibility of acquisition of control of both FGB and NBG by Ghaith Pharaon." Pharaon's lawyer said that since his client already owned part of National Bank of Georgia (a transaction that was reportedly financed by BCCI), this could violate restrictions on interstate banking. The Financial General stock would have to be bought by someone else. Abedi immediately came up with four other BCCI clients. These four investors and the ones who joined them later were more than simply "BCCI clients." They included BCCI stockholders, joint-venture partners, friends of Abedi's, and, perhaps most important, borrowers from the BCCI group.

Fulaij, for example, told the SEC that he'd paid for his stock with a \$3.55 million unsecured loan from Kuwait International Finance Company, a BCCI affiliate. Fulaij was its chairman.

Fulaij wasn't the only borrower. Adham has borrowed from the bank, and other members of the group may have done so. When Financial General's management was fighting the takeover, its lawyers filed a sworn affidavit that they'd seen a Bank of America document that revealed that BCCI had made loans to two of the four Middle Eastern investors.

Moreover, the names of the two shell companies that were set up as a vehicle for the acquisition of Financial General bore a striking resemblance to that of BCCI: a Dutch company called Credit and Commerce American Investment, which in turn was owned by a Netherlands Antilles company called Credit and Commerce American Holdings.

When a Federal Reserve official asked about the similarity, Clifford replied: "I think generally the term 'credit' and the term 'commerce' are terms that are used extensively in the Persian Gulf in financial affairs. . . I know of no additional reasoning behind it."

Clifford was mistaken. The only major Arab-owned bank with those words in its name is Bank of Credit and Commerce International.

THE PUBLIC RECORD SHOWS THAT BCCI masterminded the Financial General investment, provided loans and consulting fees to Lance (who facilitated the takeover), brought in close associates of the bank as investors, and financed the stock purchase of at least one of those investors. While none of this proves that the two institutions have been linked to each other since the takeover, *Regardie's* has found that there are a number of ongoing connections.

Before BCCI opened a branch in New York, it depended heavily on the services of correspondent banks in that city. One correspondent was First American Bank of New York—a seemingly unusual choice, since it's a relatively small, obscure institution. Odd, that is, unless BCCI regarded it as a sort of sister bank. An official at a major New York bank who's had dealings with BCCI says that when BCCI's employees made business trips to New York, they used desks and phones at First American.

There are also personnel connections. At least two of BCCI's senior officials have held posts at First American Bank of New York. Aijaz Afridi left his job as a general manager of BCCI's Swiss subsidiary to become the executive vice president of FABNY, only to return to run BCCI's Spanish subsidiary. Khusro Elley, who ran BCCI's representative office in New York, also left for a senior position at FABNY.

A source at BCCI's Spanish subsidiary says that before Afridi arrived there, employees were informed that he was a senior BCCI official who'd been posted to First American of New York "at the request of Mr. Abedi" and that Abedi had now transferred him to Spain. After Afridi arrived in Spain, this source says, he frequently referred to First American as a member of the BCCI group.

Neither Elley nor Afridi, however, completely severed his ties to BCCI while working for First American. Public records show that both men used BCCI mortgages to buy houses in the wealthy suburb of Scarsdale. Afridi received his mortgage in December 1983, just months before he'd joined First American. Elley's mortgage was granted in July 1984, while he was a First American employee. Real estate records don't indicate the interest rate on Elley's mortgage, but Afridi's was granted on what appear to be

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PERHAPS THE MOST OBVIOUS ONGOING connection between First American and BCCI, however, is their common law firm: Clifford & Warnke. The firm began to work for BCCI in early 1978, when Abedi and the bank were sued for violating U.S. securities laws in connection with the acquisition of shares in Financial General.

Two years ago, when Senator Kerry investigated BCCI's ties to Noriega, Clifford and Altman dealt with his subcommittee on BCCI's behalf. Clifford, according to a subcommittee source, had discussions with Kerry as well as with the chairman of the Foreign Relations Committee, Senator Claiborne Pell of Rhode Island.

Following BCCI's indictment on drug charges in October 1988, Clifford and Altman played an important role behind the scenes, recommending defense lawyers, monitoring the case as it unfolded, and even approving BCCI's responses to press inquiries.

Altman has also lobbied on Capitol Hill on BCCI's behalf. In January, shortly before the proposed settlement was announced, he and three other lawyers for BCCI met with Senator Orrin Hatch of Utah. Hatch has told *Regardie's* that Altman and his colleagues strongly defended the plea bargain.

The arguments were evidently persuasive. After other senators criticized the plea bargain as a slap on the wrist, Hatch defended the deal on the floor of the Senate. He also minimized BCCI's relationship with Noriega, lumped BCCI together with banks that had been found guilty of less-serious charges (failure to file currency-transaction reports), and said—incorrectly—that none of the individual defendants who'd been indicted were senior officials of BCCI.

All the while, of course, Clifford and Altman have been running First American. It's a curious and awkward relationship that not only undercuts First American's claim that it's wholly independent but also presents potential conflicts of interest. Aren't there times when the interests of First American and BCCI are at odds? How do Clifford and Altman resolve such conflicts? Do they do what's best for First American or what's best for BCCI? Or doesn't it matter?

Altman says that he doesn't see a conflict.

"It's not unusual that a law firm represents more than one client in an industry," he says. "We are not the primary lawyer for BCCI. We [First American] do very different kinds of business. They are an international bank; we are a regional bank."

As the chairman of First American Bankshares, couldn't Altman avoid even the appearance of a conflict of interest by simply dropping another bank that he describes as a minor client?

"I'm not anxious to distance myself from BCCI," Altman says. "I'm not defensive about it."

Clifford and Altman aren't the only lawyers used by BCCI, but they have a great deal of contact with the bank's top management, according to a BCCI insider. He says that Altman was in constant communication with BCCI officials. Altman says that he talked to Abedi "infrequently." When *Regardie's* asked Altman how often he talks to Abedi's deputy, Swaleh Naqvi, who essentially runs BCCI, Altman declined to comment.

Moreover, Altman claims that he and Clifford have very little contact with First American's Middle Eastern owners. For example, he stated in a deposition that he hadn't bothered to tell them when he'd decided to spend about \$30 million to buy the remaining public stock in First American's Virginia subsidiary. There hadn't been, he insisted, a single meeting, letter, telex—not even a phone call. In one motion, lawyers for First American stated, "The evidence in this case is undisputed that those foreign nationals played absolutely no role in the merger transaction, and indeed, did not even know about it until after it had been consummated."

Shareholders who are so remote from a company that they're not consulted about a \$30 million transaction are more than simply "passive" investors. "Comatose" might be a more accurate term.

First American is by no means the only ostensibly independent company with close ties to BCCI. Attock Oil Company, a London-based refining and trading firm, has in recent years acquired several U.S. properties. Abedi arranged the acquisition of Attock Oil in 1979, and a source close to the company says that its owners include Adham, Pharaon, and Fulaj. According to published reports, Pharaon has been the chairman of the company and Adham a director. Its main bank is BCCI.

Capcom Financial Services, a commodities and money-management firm, was indicted in Tampa as a codefendant in the BCCI money-laundering case. A source close to

the company says that its leading shareholders include at least two of First American's shareholders, Adham and Abdul Khalil, as well as S. Z. A. Akbar, Capcom's managing director. Akbar is related by marriage to Naqvi, BCCI's chief executive, and before joining Capcom he was BCCI's chief trader. He was also indicted in the Florida case.

Then there's the case of National Bank of Georgia. After BCCI arranged Pharaon's acquisition of the bank in late 1977, Pharaon became an absentee owner. In 1979 he hired Roy P. M. Carlson, a former executive of Bank of America, to run NBG. Carlson had been responsible for monitoring B of A's investment in BCCI.

Carlson wasn't the only NBG official with links to BCCI. Three Pakistani bankers were recruited from BCCI to help Carlson run the bank. The most senior of them was Tariq Jamil, whose title was assistant to the chairman. A few years ago Jamil returned to BCCI as a senior official of its Hong Kong subsidiary.

In 1987 First American bought back its former subsidiary from Pharaon, who was in deep financial trouble. It paid \$255 million for the Georgia bank in what Altman describes as "an arm's-length transaction."

At the time, however, Clark Clifford indicated that Pharaon's ties to the owners of First American may have had something to do with the transaction. "Our investors encouraged us to consider the purchase," he said. "They had known of the ownership being in the hands of Pharaon. They encouraged us to do it." Pharaon has himself acknowledged the importance of his ties to the owners of First American. "These are people we have been associated with for a long time," he said, referring to Adham and Fulaj. "We've had many contacts with them, so we know them. They said we should speak to [First American's] management in Washington, which we did, and that's how the deal came through."

Pharaon has invested in other U.S. banks, in at least some cases with BCCI's help. In 1985, for instance, he bought Independence Bank of Encino, California in a transaction that resembled the Georgia deal. Sources familiar with the deal say that the negotiations were handled by BCCI officers and that Pharaon has been a very passive investor. A BCCI executive was installed as the bank's chairman, although in 1989 the top job was taken over by an American banker who has no apparent ties to BCCI. Senior officials of the bank say that there's no connection

View From the Other Washington

with BCCI and that they regard Pharaon as the bank's proprietor.

One characteristic shared by all of these purportedly independent companies is that their senior executives have attended BCCI's annual management conferences. BCCI insiders say that attendees have included officials of Attock Oil, Capcom, National Bank of Georgia, and First American Bankshares.

Altman has also attended several of the conferences. The feeling among the participants, a source says, was that "everyone there was part of the BCCI group." According to sources who have attended these conferences, Altman was there not as a lawyer for BCCI but as the leader of a contingent of First American executives.

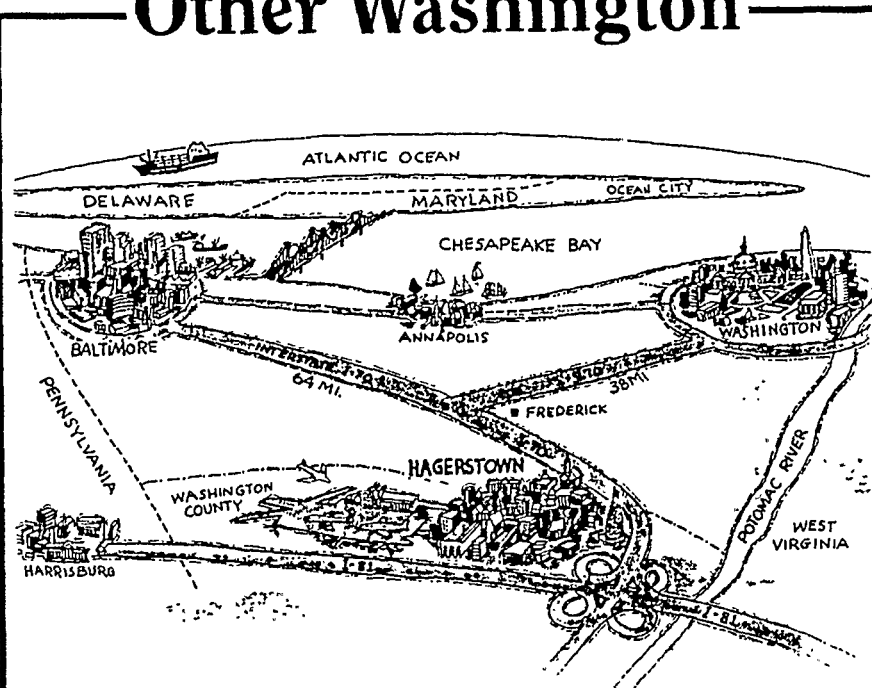
"I don't think any other First American people were there," Altman says. Was he there in his capacity as a First American executive or as a BCCI lawyer? "It wasn't specified," he says. "They asked me to come."

At other meetings, senior executives of BCCI, including Abedi, explicitly reinforced the notion that the firms in attendance were part of the "group." Says a former BCCI executive: "I remember at one meeting, Abedi said, 'We are now one of the largest financial groups in the world, when you take into account the BCC Group, First American, Attock Oil.' He would mention NBG and Independence Bank. He would say when you put them all together, we as a group are so big. He would throw in a figure of \$28 billion or \$30 billion in assets."

Indeed, a banker who attended several of the management conferences told *Regardie's*, "You'd be damn foolish if you didn't see the handwriting on the wall that someday they could come together." Sources say, in fact, that Abedi not only spoke of First American as an affiliate but that he planned to turn it into an official subsidiary once he got approval from the Federal Reserve. One BCCI source says that Abedi even told various BCCI executives what jobs they'd have in Washington. Altman denies that there was ever any such plan.

During the Florida money-laundering investigation, Amjad Awan described the relationship between BCCI and First American to an undercover federal agent. A government affidavit paraphrases Awan:

"Awan said that BCCI has bought and controls First American Bank and National Bank of Georgia through private individuals. The banks were bought through individual names rather than BCCI because BCCI could not buy



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the banks and run them due to U.S. law. Former secretary of defense Clark Clifford is one of the persons who is working on behalf of BCCI to gain control of these U.S. banks."

When asked to comment on this statement, lawyers representing BCCI in the drug-money case said that the document "mischaracterizes the referenced conversation of Mr. Awan." Altman says that Awan was wrong.

THE FIRST AMERICAN STORY TURNS ON a classic Washington question: What did the Fed know and when did it know it?

The deal to buy First American was approved because Clifford, Altman, and the Middle Eastern investors made certain representations and promises to the Federal Reserve and other bank regulators. In trying to evaluate whether the deal was proper even now, the questions that must be asked are: How complete and accurate were their representations? Were the promises kept?

Clifford and Altman have portrayed the owners of First American as "among the most substantial, respected individuals in the Middle East." At least several of them, however, are far more controversial than that. At least two of them have been accused of accepting questionable payments from American companies, one is the former intelligence chief of a repressive regime, and one heads the country that took the lead in embargoing oil to the U.S. in 1973 and is also a key financial backer of the PLO.

The Federal Reserve, however, apparently overlooked such matters. "I don't recall those issues being raised at the time at all," says a former Fed official who was involved in the deliberations. "The PLO was never mentioned. But it seems to me that if they were raised in a new proceeding, that might be the kind of thing that the Federal Reserve would take cognizance of."

"There was nothing concrete that would justify denial. There wasn't a requirement that you find them to be substantial, reputable persons of good character and standing. You just had to find that they weren't disreputable."

The only glancing reference to the PLO seems to have come in a set of questions submitted by Manfred Ohrenstein, the Democratic leader of the New York State Senate, who asked whether "any of the stockholders or the organizations for which they act as representatives" were "affiliated in any way

with any international terrorist organizations" or providing them with "any financial assistance." Altman's one-word reply to both questions: "No."

Clifford minimized the role of BCCI in the deal, and the Fed apparently believed him. At least one Fed document suggests profound ignorance about the investors' ties to that bank. A letter from a Fed official to Representative Rosenthal, who was trying to get at the question of ownership and control, contains this statement: "Staff has no knowledge of loans from or other involvement in the affairs of BCCI on the part of Applicants' principals [the Arab investors]."

But the reality is that BCCI orchestrated the initial purchases of Financial General's stock and financed at least some of those purchases, that the "Applicants" also owned a significant interest in BCCI, and that BCCI's president was to be the principal "adviser" to those "Applicants" on matters relating to First American.

Clifford told the Fed that the bank would be run by a board of respected U.S. citizens and that the Arabs would merely be passive investors. He became the chairman of its board and appointed several friends and associates as directors.

Clifford's own account of the events that led to First American's acquisition of National Bank of Georgia, however, suggests that the Middle Eastern owners have been more than passive investors. There is also evidence of some sort of ongoing relationship between First American and BCCI. It remains unclear whether First American is a "sister institution" to BCCI or whether the banks have simply made a cozy exchange of talent. Perhaps the best example of the exchange of talent has been the relationship of Clifford, Altman, and their law firm to the key players in this story.

Earlier this year, as prosecutors were cutting a deal with BCCI on the drug-money indictment, the Fed was reportedly talking with First American officials and expressing renewed concern over the shareholder overlap and transactions between the two institutions. According to the *Financial Times*, the Fed "accepted their promise that the two banks will have no future dealings."

A source at First American told the *Times* that in the past, "there was some business done with BCCI, but it was very small, extremely small."

The quote is reminiscent of Altman's assertion that the ownership overlap between

First American and BCCI is "not as great as you might think," when in fact the overlap is considerable.

In a recent interview with *Regardie's*, Altman denied that the Fed and First American have had any meetings or discussions regarding BCCI since October 1988, when BCCI was indicted. Yet a September 1989 letter from First American's attorneys to *Regardie's* notes: "Following the period last fall when BCCI and several of its officers were indicted on money-laundering charges in Florida, the Federal Reserve expressly confirmed again that BCCI had no involvement with the management of First American and that all prior representations about this relationship were fully correct."

And in a July 1989 interview with *Regardie's*, Altman said: "The reason I know that it [the business between BCCI and First American] is quite insignificant is that after the events of last October, the Federal Reserve came and reviewed our relationship to ensure that all of the commitments we had made to the Fed had been honored, and in the context of that they audited our business."

And what if BCCI were found to be exerting control over First American? The legal implications could be serious. Lawyers who specialize in banking law say that this would mean that the acquisition of Financial General was an "illegal takeover," since the investors who applied to the Fed for permission to buy the company would have been front men. Anyone who carried out such a scheme would be violating a long list of federal laws, including the Bank Holding Company Act, securities laws, and Title 18, Section 1001 of the U.S. Code, which makes it a felony to make false statements to a government agency.

Has the Fed ever done a thorough investigation of Financial American's shareholders and their links to BCCI? Or has it simply relied on assurances from the men in charge that everything's all right?

If nothing else, the First American case shows why there should be more sunshine on banks, not less. Whose interest does it serve to keep the ownership of First American secret? Not the depositors' and not the taxpayers'. With foreigners increasingly buying into U.S. banks, this case sets a bad precedent.

What was good for the Fed nine years ago may not be good enough today. Lingering questions about the owners of First American and the bank's refusal to answer them provide ample reason for the Fed—or for Congress—to take another look. R

11/13/97
23:11:26

FD-192

ICMIPR01
Page 1

Title and Character of Case:

HIDDEN INTERESTS
MC #38

Date Property Acquired: 09/30/1992
Source from which Property Acquired: 1B25

Anticipated Disposition: Acquired By: Case Agent:

[Redacted Box]

b6
b7c

Grand Jury Material - NO (Disseminate only pursuant to Rule 6(e))

Description of Property: 1B 33
Date Entered

1B33(14) BOXES OF BCCI COMPUTER TAPES INDIVIDUALLY LISTED.
THESE BOXES WERE PART OF LARGER LIST 1B25(SEE ATTACHED LIST)
*****BOX ONE OF FOURTEEN*****

ACCT FILES # 018508 # 122196 # 123525 # 028511 #018406
#018611

Barcode: E0423650 Location: ECR1 U201 SB 10/13/1992

29B-WF-171994

JB

1B 33

NOV 13 1994

Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

1325015-000-4812

11/13/97
22:11:23

FD-192

ICMIPR01
Page 1

Title and Character of Case:

HIDDEN INTERESTS
MC #38

Date Property Acquired: 11/27/1992
Source from which Property Acquired:
TOCHE ROSS INC

Anticipated Disposition: Acquired By: Case Agent:

b6
b7c

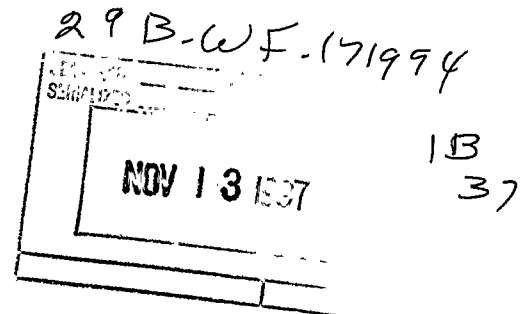
Grand Jury Material - NO (Disseminate only pursuant to Rule 6(e))

Description of Property: 1B 37
Date Entered

1B37 2 BROWN ENVELOPES CONTAINING COMPUTERIZED LISTING OF
INDIVIDUALS CLAIMING \$50000 US OR MORE AGAINST BCCI OVERSEAS

Barcode: E0433329 Location: ECR1 U201 SB 12/01/1992

*IMA
note
location
change*



Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

1325015-000-4813

Inventory of Bulky Nonevidentiary Property
FD-192a (1-5-89)

Date 9/28/98

Title and Character of Case

Major Case 38
Hidden Interests.

FILE NO. 29B-WF-171994

OO: WFO

b6
b7C

Date Acquired

11/27/92

Acquired From:

To Be Returned

☐ Yes ☐ No

See Serial

8

☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure

☐ Yes ☒ No

Property To Be Forfeited To The U.S. Government

Description of Property (Be Specific)

1 of 3 Boxes
Doc. regarding

b6
b7C

29B-WF-171994 - 104

For Administrative Use:

Location of Property: _____

Control Number: _____

BLOCKSTAMP

(File Copy)

1325015-000-4814

10/06/98
14:10:35

FD-192

ICMIPR01
Page 1

Title and Character of Case:

HIDDEN INTERESTS
-

Date Property Acquired: 10/01/1998
Source from which Property Acquired: VOLUNTEERED

Anticipated Disposition: Acquired By: Case Agent:

b6
b7c

Description of Property: 1D 1
Date Entered

TAPE RECORDING RECEIVED FROM U.S. CUSTOMS SERVICE

Barcode: E1505679 Location: ELSUR 1 S147 10/06/1998

Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

29B-WF-171994

MOD

1325015-000-4816

10/06/98
14:10:23

FD-192

ICMIPR01
Page 1

Title and Character of Case:

HIDDEN INTERESTS
-

Date Property Acquired: 10/01/1998
Source from which Property Acquired: VOLUNTEERED

Anticipated Disposition: Acquired By: Case Agent:

[Redacted Box]

b6
b7c

Description of Property: 1D 2
Date Entered

TAPE RECORDING RECEIVED FROM U.S. CUSTOMS SERVICE

Barcode: E1505680 Location: ELSUR 1 S147 10/06/1998

Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

29B-WF-171994

MOD

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FD-192

ICMIPR01
Page 1

Title and Character of Case:

HIDDEN INTERESTS
-

Date Property Acquired: 10/01/1997
Source from which Property Acquired: WF-S 171994

Anticipated Disposition: Acquired By: Case Agent:

b6
b7c

Description of Property: 1D 3
Date Entered

TAPE RECORDING RECEIVED FROM U.S. CUSTOMS SERVICE

Barcode: E1507560 Location: ELSUR 2 NFICAB48A DRAWER 1 10/06/1998

Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

29B-WF-171994

1325015-000-4818
103

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13:10:47

FD-192

ICMIPR01
Page 1

Title and Character of Case:

HIDDEN INTERESTS
-

Date Property Acquired: 10/01/1998
Source from which Property Acquired:
UNITED STATES CUSTOMS SERVICE (USCS)

Anticipated Disposition: Acquired By: Case Agent:

b6
b7c

Description of Property: 1D 4
Date Entered

TAPE RECORDING RECEIVED FROM USCS IN 1989

Barcode: E1486389 Location: ELSUR 1 S147 10/07/1998

29B-WF-171994

Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

104

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13:10:55

FD-192

ICMIPR01
Page 1

Title and Character of Case:

HIDDEN INTERESTS
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Date Property Acquired: 10/01/1998
Source from which Property Acquired:
UNITED STATES CUSTOMS SERVICE (USCS)

Anticipated Disposition: Acquired By: Case Agent:

b6
b7c

Description of Property: 1D 5
Date Entered

TAPE RECORDING RECEIVED FROM USCS IN 1989

Barcode: E1486388 Location: ELSUR 1 S147 10/07/1998

Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

29B-WF-171994

RM

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Page 1

Title and Character of Case:

HIDDEN INTERESTS
-

Date Property Acquired: 10/01/1998
Source from which Property Acquired:
UNITED STATES CUSTOMS SERVICE (USCS)

Anticipated Disposition: Acquired By: Case Agent:

b6
b7c

Description of Property: 1D 6
Date Entered

TAPE RECORDING RECEIVED FROM USCS IN 1989

Barcode: E1486387 Location: ELSUR 1 S147 10/07/1998

Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

29B-WF-171994 R44

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FD-192

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Page 1

Title and Character of Case:

HIDDEN INTERESTS
-

Date Property Acquired: 10/01/1998
Source from which Property Acquired: USCS

Anticipated Disposition: Acquired By: Case Agent:

b6
b7c

Description of Property: 1D 7
Date Entered

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Barcode: E1278956 Location: ELSUR 1 S147 10/07/1998

Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

29B-WF-171994
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ICMIPR01
Page 1

Title and Character of Case:

HIDDEN INTERESTS
-

Date Property Acquired: 10/01/1998
Source from which Property Acquired: USCS

Anticipated Disposition: Acquired By: Case Agent:

b6
b7c

Description of Property: 1D 8
Date Entered

TAPE RECORDING RECEIVED FROM US CUSTOMS SERVICE

Barcode: E1278957 Location: ELSUR 1 S147 10/07/1998

Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

29B-WF-171994
1D8 RWA

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FD-192

ICMIPR01
Page 1

Title and Character of Case:

HIDDEN INTERESTS
-

Date Property Acquired: 10/01/1998
Source from which Property Acquired:
VOLUNTEERED

Anticipated Disposition: Acquired By: Case Agent:

b6
b7c

Description of Property: 1D 11
Date Entered

TAPE RECORDING RECEIVED FROM U.S. CUSTOMS SERVICE

Barcode: E1501714 Location: ELSUR 1 S147 10/09/1998

EV/EL-PI M

29B-WF-171994

1D 11

Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

S147

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Page 1

Title and Character of Case:

HIDDEN INTERESTS
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Date Property Acquired: 10/01/1998
Source from which Property Acquired: VOLUNTEERED

Anticipated Disposition: Acquired By: Case Agent:

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b7c

Description of Property: 1D 12
Date Entered

TAPE RECORDING RECEIVED FROM U.S.CUSTOMS SERVICE

Barcode: E1501715 Location: ELSUR 1 S147 10/09/1998

EV/EL-PIA

29B-WF-171994

1D 12

Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

S147

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FD-192

ICMIPR01
Page 1

Title and Character of Case:

HIDDEN INTERESTS
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Date Property Acquired: 10/01/1998
Source from which Property Acquired:
VOLUNTEERED TAPE -USCS

Anticipated Disposition: Acquired By: Case Agent:

b6
b7C

Description of Property:
1D 13

Date Entered

TAPE RECORDING RECEIVED FROM U.S. CUSTOMS SERVICE

Barcode: E1443477

Location: ELSUR 1 S147

10/10/1998

Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

29B-WF-171994

1D 13 10-10-98

PE

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FD-192

ICMIPR01
Page 1

Title and Character of Case:

HIDDEN INTERESTS
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Date Property Acquired: 10/01/1998
Source from which Property Acquired:
VOLUNTEERED TAPE-USCS

Anticipated Disposition: Acquired By: Case Agent:

Description of Property: 1D 14
Date Entered

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Barcode: E1443478 Location: ELSUR 1 S147 10/10/1998

Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

29B-WF-171994

1014 10-10-98

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ICMIPR01
Page 1

Title and Character of Case:

HIDDEN INTERESTS
-

Date Property Acquired: Source from which Property Acquired:

10/01/1998

VOLUNTEERED TAPE - USCS

Anticipated Disposition: Acquired By:

Case Agent:

b6
b7C

Description of Property:

Date Entered

1D 15

TAPE RECORDING RECEIVED FROM U.S. CUSTOMS SERVICE

Barcode: E1443479

Location: ELSUR 1 S147

10/10/1998

Case Number: 29B-WF-171994
Owning Office: WASHINGTON FIELD

29B-WF-171994

1D15 10-10-98

PE

1325015-000-4828

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.) A-1


THE WASHINGTON POST

Date: 2/3/91
Edition:

Title: "Who Controls First American Bankshares"

Character: FAG
or
Classification:
Submitting Office: WMFO

Indexing:

46-12


Who Controls First American Bankshares?

After 9 Years, Questions Linger on Foreign Ties

By Jim McGee
Washington Post Staff Writer

Ever since the Federal Reserve Board approved the takeover of First American Bankshares by foreign investors nine years ago, there has been talk in the banking world that the Washington-based company had fallen under the control of an aggressive and high-flying Persian Gulf bank, the Bank of Credit and Commerce International (BCCI).

Over the last decade, First American has expanded dramatically, growing to 183 branches in the Washington area alone. A hallmark of its growth was a catchy advertising campaign, including "First American Stories"—homey tales about immigrant families that end with the bank's distinctive red logo and a voice pronouncing, "We're First American. The bank for all Americans."

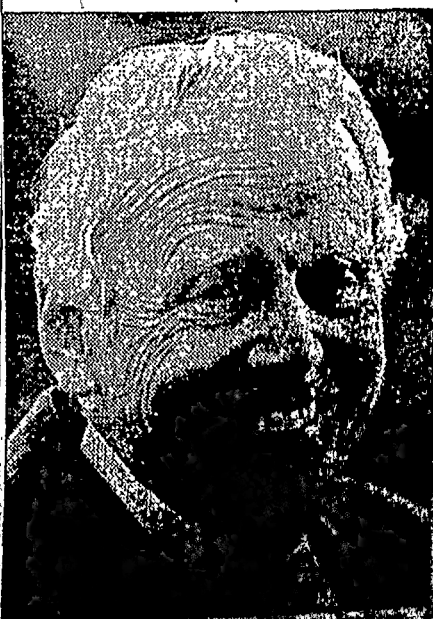
Then in 1988, First American's name came up unexpectedly in a criminal case in Tampa. Evidence showed that BCCI executives had helped Panamanian leader Manuel Antonio Noriega launder drug money through an account at First American. First American officials said the bank had no knowledge of the transactions; no charges were filed against First American.

The Federal Reserve, which has primary responsibility for regulating the ownership of bank holding companies, reacted by trying to find out about the relationship between BCCI and First American, just as it did when it approved the takeover in 1981. But the inquiry ended with the same result as the previous one: The board noted, for the record, that it had allowed new investors from Kuwait, Saudi Arabia and the United Arab Emirates to acquire the company only after being promised "that BCCI would not be involved in the management."

But documents and interviews in New York, London and Washington suggest that BCCI and First American have had an extensive, long-term relationship that appears contrary to what regulators say they understood it would be.

For example, BCCI's president participated in the hiring of three First American executives. BCCI executives helped negotiate two important First American acquisitions. BCCI helped finance First American's impressive expansion as it grew to be the nation's 51st largest bank.

See FIRST AMERICAN, A28, Col. 2

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FBI FIELD OFFICE

1325015-000-4829

FBI/DOJ

THE WASHINGTON POST

Agha Hasan Abedi, a hard-driving banker from Pakistan, founded BCCI, one of the world's largest private banks, in 1972. Regulators' interest in the relationship between BCCI and First American has been rekindled in recent months.

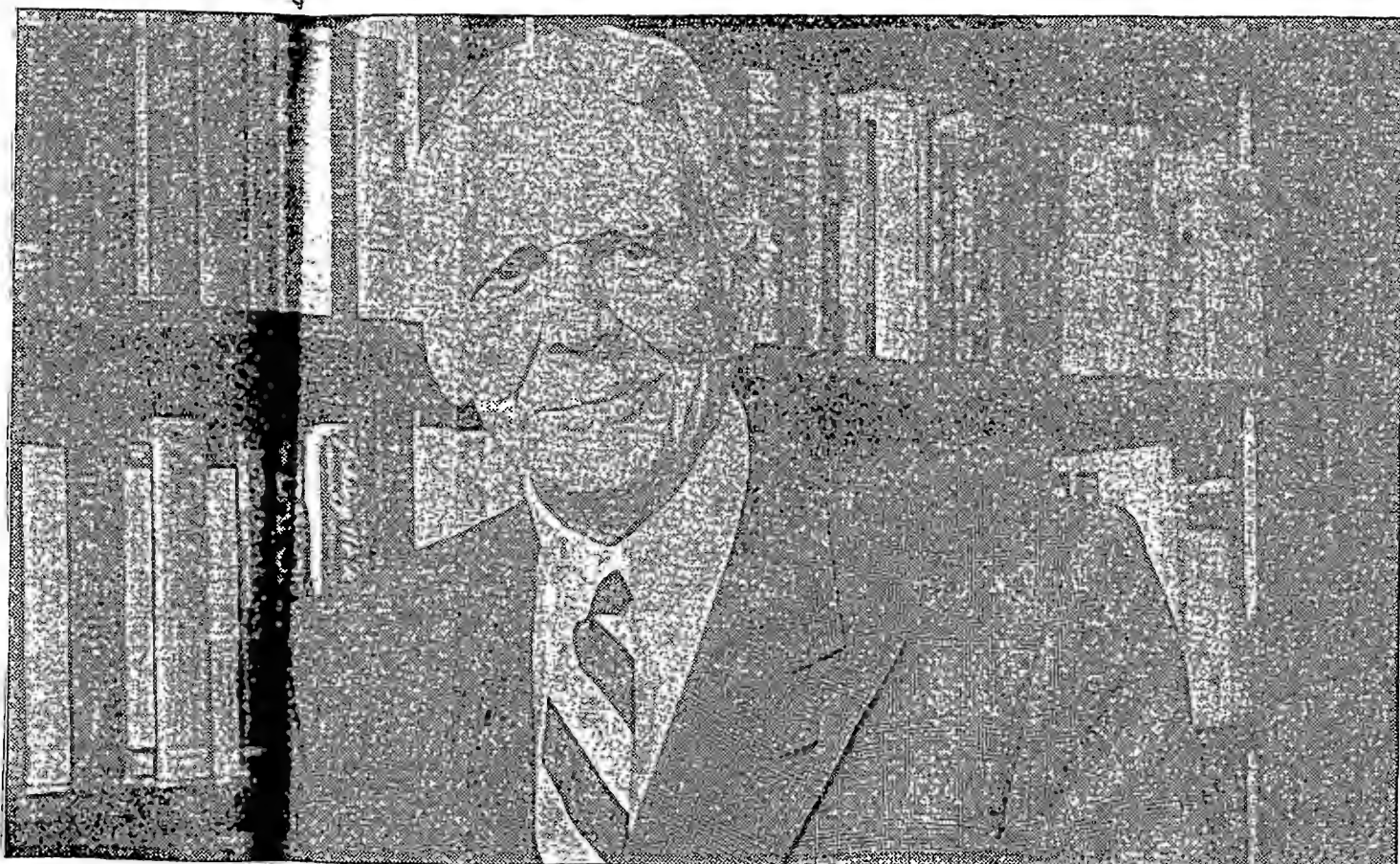


AGHA HASAN ABEDI, FROM A 1985 BCCI BROCHURE

Questions About Control

THE WASHINGTON POST

Clark M. Clifford, the towering figure in Washington legal and political circles who has been First American's chairman since 1981, declares that "there has been no participation, directly or indirectly," by the Persian Gulf bank BCCI in First American's business.



CLARK M. CLIFFORD IN 1988, BY LARRY MORRIS—THE WASHINGTON POST.

First American's Foreign Ties

TRACING THE ROOTS OF A U.S. BANK

1972

The Bank of Credit and Commerce International (BCCI) is founded by Agha Hasan Abedi, a banker from Pakistan, backed by money from the ruling family of the United Arab Emirates.



1975

FINANCIAL GENERAL BANKSHARES

BCCI, seeking a presence in U.S. banking, tries and fails to acquire a small New York bank owned by Financial General Bankshares, a holding company based in Washington, D.C.

1977

BCCI helps organize a hostile takeover attempt of Financial General, acting on behalf of four longtime clients from the Middle East; other participants in the takeover effort include Bert Lance, former director of the Office of Management and Budget under President Jimmy Carter. BCCI also helps Saudi financier Ghaith R. Pharaon, a longtime client, acquire the National Bank of Georgia from Lance.

Ghaith R. Pharaon, far right, and Bert Lance at a news conference in Atlanta in 1977



UNITED PRESS INTERNATIONAL

holding company, with eight subsidiaries in six states and the District. On a regular basis, First American Chairman Clark M. Clifford and First American President Robert A. Altman flew to New York and London to brief senior BCCI executives.

Whether the particulars of BCCI's role add up to an improper "controlling influence" over First American—as defined by federal law—is a determination that the Federal Reserve could make only after a formal inquiry. In the cautious, button-down realm of American banking regulation, any hidden influence is cause for possible action. The influence does not have to extend to all operations. "This is not a technicality," said Virgil Mattingly, the board's general counsel.

If the Federal Reserve were to conclude that BCCI had exercised a controlling influence over First American, it could take a range of actions, including the extreme measure of forcing shareholders to sell the \$11 billion holding company and its subsidiaries in Virginia, Maryland, the District, New York, Tennessee, Georgia and Florida—a type of sanction that the board has invoked only rarely in its history.

The board's interest in the relationship between the two banks has been rekindled in recent months, in part because the Manhattan district attorney's office has opened its own investigation. A bank regulator questioned in the Manhattan inquiry said prosecutors are probing whether New York State banking officials—who also approved the takeover of First American in a separate proceeding in 1981—were misled into believing that BCCI would have no influence over First American's operation.

The Federal Reserve, which relied on those same commitments in approving the takeover, is closely monitoring the New York investigation. "We have been in communication with the district attorney in New York and we have provided certain information," Mattingly said.

Whatever the outcome, investigators must wrestle at some point with the unequivocal statements of Clifford, a towering figure in Washington's legal and political circles who has served as First American's chairman since the 1981 takeover. His law firm, Clifford & Warnke, has done millions of dollars in legal work for both BCCI and First American.

Clifford declared that BCCI has not exercised any control over First American, now or in the past. "There has been no participation, directly or indirectly, by BCCI," Clifford said during more than 15 hours of interviews with The Washington Post over several months.

From the outset, he said, First American's shareholders made clear to the Fed that they intended to use BCCI as their investment adviser. To comply with the shareholders' wishes, Clifford said he has periodically briefed BCCI's top executives about First American's performance and strategic planning.

1978

The Securities and Exchange Commission files civil charges against BCCI and the other members in the takeover group,



accusing them of failing to make the proper disclosures required by law. BCCI hires former secretary of defense Clark M. Clifford to defend it. Some Financial General shareholders file a lawsuit to stop the takeover. The SEC charges are settled and the lawsuit is dropped when the takeover group agrees to make a public tender offer for the outstanding shares. The Financial Times of London, reporting on an interview with the BCCI president, says Abedi asserts he is "not sure

yet who will make the offer, but whoever makes it and if it succeeds, BCCI will probably manage Financial General."

1980

Financial General's shareholders agree to sell. Clifford attends a celebratory lunch in London with Abedi and the new controlling shareholder of Financial General, Sheik Kamal Adham, the former chief of Saudi intelligence. At the lunch, Adham asks Clifford to run the holding company, according to Clifford, and promises him "total authority." Adham and the other investors seek Federal Reserve Board approval of their takeover of Financial General.

1981

Federal regulators and their counterparts in the states where Financial General has subsidiaries hold up approval of the takeover while they try to find out more about the relationship between BCCI and the new company, to be named First American Bank-shares. At a special hearing, Clifford and Adham assure the regulators that BCCI will have no involvement in the management of the holding company. The takeover is approved; Clifford becomes chairman.



He described this as a limited, arms-length relationship that conforms to the formal assurances he gave the Federal Reserve at a special hearing in April 1981. Clifford appeared as both lawyer for the shareholders and as prospective chairman of the new holding company. "The representation we made was that BCCI would not manage or control First American," Clifford said. "At no time did we say that we would not have some contact with" BCCI.

He seemed mystified that questions keep cropping up about the relationship between BCCI and First American; he rejected the possibility that BCCI executives may have influenced First American without his knowledge. But he remained unshaken in his view that the facts will show that he—not BCCI—has been in charge of First American for the past nine years.

"I value the reputation I have for honesty and character," he said, offering to testify under oath that BCCI has never influenced his running of First American. "I have not dissembled in any way. Others, who are enemies of BCCI, who perhaps do not wish First American well, have attempted to assemble circumstantial evidence to disprove what I have told you."

Figuring Out BCCI

It was not the prospect of First American being controlled by a foreign bank that worried U.S. banking regulators in 1981; it was control by this particular foreign bank.

To begin with, the regulators never felt comfortable that they understood BCCI. It was chartered in Luxembourg, headquartered in London and operated through a complex corporate structure that included subsidiaries all over the world,

1983

First American decides to expand its New York operations by buying two Manhattan branches from Bankers Trust Co. for \$3 million; it creates an international banking operation in Manhattan funded by a \$100 million infusion of capital.

1986

First American agrees to purchase the National Bank of Georgia from a corporation controlled by Pharaon, once BCCI's largest shareholder.

1988

BCCI is indicted on charges of helping Panamanian leader Manuel Antonio Noriega launder drug money through various U.S. banks, including First American. BCCI pleads guilty to the charges and pays a \$14 million fine; no charges are filed against First American, which says it had no knowledge of the transactions.

1989



Because of the BCCI prosecution, the Federal Reserve holds up First American's application to acquire the Bank of Escambia in Pensacola, Fla. After conducting a special inquiry into the relationship of the two banks and finding no evidence of BCCI exerting any improper influence over First American, the Federal Reserve approves the application.

1990

Two business publications, *Regardie's* and the *Wall Street Journal*, publish articles that note the extent to which BCCI and First American have shareholders in common. Clifford and First American President Robert A. Altman reiterate their long-standing position that BCCI has no influence over First American. During extensive interviews with *Washington Post* reporters, Clifford and Altman say that BCCI serves only as a "communications link" with First American's foreign investors.

including such offshore banking havens as the Cayman Islands and the Bahamas. Its investors came primarily from the Persian Gulf states of Abu Dhabi, Saudi Arabia and Kuwait.

BCCI Founded in 1972 by Agha Hasan Abedi, a hard-driving banker from Pakistan who had financial backing from the ruling family of the United Arab Emirates, BCCI skyrocketed quickly into the ranks of the world's largest private banks. Until recent losses forced some cutbacks, it boasted of \$20 billion in assets and 400 offices in 73 nations.

Unlike most large financial institutions, however, BCCI's far-flung network of banks was not regulated on a consolidated basis by any central bank, which meant its deposits were not guaranteed by a government. And that's what concerned U.S. regulators.

Then, too, there was BCCI's tarnished record when it came to First American. In 1977, BCCI helped organize a hostile takeover bid for First American's predecessor, Financial General Bankshares. A federal judge later ruled that he was persuaded that BCCI had intended, by buying shares for several clients and its own shareholders, to exert "influence on the management" of Financial General.

The Securities and Exchange Commission also accused BCCI and others of secretly acting as a group without disclosing their intentions, buying stock privately and thus depriving others of important knowledge that might affect the value of their stock. Admitting no wrongdoing, the accused group settled the suit by agreeing to make an open offer for the outstanding shares of Financial General.

The takeover succeeded; Financial General's principal stockholders agreed to sell.

But when the new shareholders' application to acquire Financial General arrived at the Federal Reserve's stately offices in October 1980, it raised eyebrows among banking regulators in Washington and in those states where Financial General had subsidiaries.

"I could not for the life of me figure out what the relationship was between BCCI and their investors and [First American's Virginia subsidiary]," said Sidney Bailey, Virginia's commissioner of financial institutions. New York banking regulators feared that "the Arab investors might have been acting for BCCI," said Geofredo Rodriguez, a New York regulator.

For years, BCCI had coveted a presence in the United States, specifically in New York, money center for international transactions. In the mid-1970s, BCCI had tried and failed to acquire a New York bank. Without an American subsidiary, BCCI could only open representative offices, which are restricted in the kinds of transactions they can handle.

Sorting this out fell to the Fed, which has had primary jurisdiction over bank holding companies since the 1930s, in the days when most banks were small, local institutions. Generally, the board reviews and approves applications without hearings; the board's investigative capabilities are small compared to the more enforcement-oriented Comptroller of the Currency. "There is a certain degree of accepting facts at face value," said Donald E. Kline, the Federal Reserve's associate director of supervision and regulation.

To clear the air, the board's professional staff decided to convene a special hearing so that regulators from different agencies could question Clifford, Altman and the new investors. "We wanted to establish that BCCI was not going to be acquiring a controlling interest in First American," Kline said.

'Passive Investors'

It was a large group that gathered on April 23, 1981, for an "informal private hearing" in Room B 1215 at the Federal Reserve's headquarters at 20th and Constitution NW. Sixteen regulators, including four state banking regulators, listened as Clifford introduced the four prospective new owners of the holding company.

First was the lead investor, Sheik Kamal Adham, former head of the Saudi Arabian intelligence service. He was followed by Faisal Saud Fudain, the long-time chairman of Kuwait Airways, Abdul Raouf Khalil, a Saudi Arabian real estate investor, and Sayed Gohary, a Saudi Arabian businessman.

They took turns in describing their ambitions for the company, which they planned to call First American Bankshares to correspond to names of its subsidiaries. The bank would continue to be "an American company," they stressed.

Adham said they would be "passive investors." The "ultimate management of the company," he said, would be left to Clifford and a board of directors with several distinguished Americans, including former senator Stuart Symington (now deceased) and Elwood R. Quesada, a retired Air Force lieutenant general.

Adham bristled at the suggestion that he was acting as a front for BCCI. "We don't need anybody to use us, to be a cover for them," he declared. "We are doing it for ourselves."

He said BCCI was his banker and that he often relied on it for investment advice. For example, he said, he had turned to BCCI in 1977 to decide whether to buy shares in Financial General during the earlier hostile takeover.

But some regulators still weren't satisfied. Near the end of the day-long hearing, Lloyd W. Bostian Jr. of the Federal Reserve's Richmond office, asked: "What precisely is their [BCCI] function, if any, in this proposal at the present time?"

Clifford stepped in. "None," he said. "There is no function of any kind on the part of BCCI. . . . I know of no present relationship. I know of no planned future relationship that exists."

Given such categorical assertions, the board had no reason to probe further. As the hearing concluded, the Federal Reserve's deputy general counsel, Robert Mannion, summarized his understanding: "It is represented in the application that BCCI is no longer involved in this particular proposal, although BCCI may continue to offer advice to individual investors."

On August 25, 1982, the Federal Reserve approved the takeover. The Comptroller of the Currency also signed off, providing its own version of the relationship. "It has now been represented to us that BCCI will have no involvement with the management and other affairs, nor will BCCI be involved in the financing arrangements," wrote Comptroller official C.F. Muckenfuss at the time.

New York state regulators insisted on holding their own hearing. According to Rodriguez, they would have rejected the application but for assurances that BCCI was, as he put it, "out of the picture."

Briefings in London

Whatever BCCI's relationship to First American, it was not out of the picture, according to information gathered from interviews and documents.

After the takeover, Clifford and Altman flew periodically to London for meetings with Abedi, BCCI's president. Occasionally, Adham sat in, too. "This relationship developed naturally," Clifford said, "but an effort has been made to make it appear sinister."

Clifford and Abedi knew each other well. They first met during the 1978 takeover fight, when BCCI had hired Clifford and his firm to represent it. For several years during the takeover battle, Clifford flew to London regularly to discuss BCCI legal business and the takeover plans. "Sometimes we were going over once a month," he said.

The two men—Clifford, the venerable Washington lawyer, and Abedi, the cultured Pakistani banker—could not have come from more different backgrounds.

Clifford, then in his late 70s, was a tall, courtly man whose features seemed chiseled in granite. He had built a career around public service and the law, serving as a top adviser to President Harry Truman and as secretary of defense in President Lyndon Johnson's Cabinet. After years of representing corporations, he decided in the twilight of his career that he wanted to run one. When Adham asked him to take on the chairmanship during a meeting with Abedi, he jumped at the chance. Now 84, he retains the energy and persuasiveness of lawyers half his age.

Abedi, by contrast, was a survivor. He had lost one bank in Pakistan to nationalization, then turned right around and created BCCI. His business instincts told him that BCCI had a ready-made market in the Third World, where credit was often scarce and many Western banks were reluctant to lend. (Abedi, 69, is now ill and declined through a spokesman to be interviewed for this article. In October, he resigned as BCCI president.)

Both men relied upon proteges. Clifford left day-to-day operations of First American to Altman, his partner at Clifford & Warnke. Abedi relied on Swaleh Naqvi, his second-in-command. "Naqvi sat in a lot with Abedi," Clifford said. "Abedi was the dreamer, the conceptualist, and Naqvi was the numbers man."

By 1982, according to Clifford, he was traveling to London "four or five times a year." Clifford said that he and Altman briefed BCCI executives on First American's recent performance, its budgets and any major plans for expansion. "We kept our investors informed through Abedi," Clifford said.

Once or twice a year, Abedi visited New York, where BCCI had a representative office. On those occasions, Clifford or Altman traveled to Manhattan and met Abedi at his preferred hotel, the Helmsley Palace.

Adham said BCCI is "in the middle to convey suggestions from Washington to the owners who are in the gulf." Then, he said, "We ask him [Abedi], 'What's your opinion?' . . . When he says it is a good move, people in the gulf listen to him."

Bank regulators such as Bailey said they were surprised to learn of these extensive discussions involving BCCI and Abedi. "I received positive, absolute assurances that there would be no such relationship with BCCI," Bailey said.

Advice From Abedi

Abedi's presence was most visibly felt in New York, where BCCI had always wanted a presence of its own. He played a major role in the hiring of Bruno Richter as chief executive officer of First American's New York subsidiary, according to Richter.

In the spring of 1983, Richter said in an interview, he was working at the Bank of America when he was approached by a BCCI executive, Khasuro Eliev. At first, Richter said, he thought they were looking him over for a BCCI job. He met three times with Abedi, once in New York and then twice in London; at the second meeting, he said, Abedi "asked me if I want to consider joining First American."

At the end of their third meeting, Abedi told him, "We want you to meet with Clifford and Altman in Washington," according to Richter.

Clifford and Altman then offered him the job. Upon taking over, Richter said, he discovered that BCCI had considerable input over certain management decisions, especially the hiring of key personnel. On Abedi's recommendation, he hired a former BCCI employee, Aijaz Afridi, as his executive vice president. Richter said he wanted to attract as much business as he could from BCCI's subsidiaries and asked Abedi to "send me one of your people."

At Altman's request, Richter said, he sent another top choice, David Palmer, to London to meet Abedi. "They were checking out my resume," Palmer said of his visit to BCCI headquarters. He said he was offered a job on his return to New York.

Kline, the Federal Reserve official, said he did not understand why BCCI would participate in the hiring of key personnel: "I don't see there would be any role of BCCI in selecting the managers of individual subsidiaries."

Robert G. Stevens, First American Bank's chief executive officer for seven years, said that he met Abedi at Clifford's law office when he was being interviewed for the top management position. Stevens said Clifford told him Abedi was "an adviser to the investors and he would therefore have an interest in who they were hiring as president."

Clifford said, "I thought it would be appropriate if Abedi met Stevens" so the BCCI president could "see the kind of man we were bringing in to be CEO of the holding company." But he added: "Mr. Abedi did not screen Mr. Stevens."

Stevens said he had little contact with Abedi or BCCI during his time at First American. "There certainly wasn't any relationship with BCCI at my level," Stevens said. "Whether there was a relationship at BCCI and Clifford's level, I don't know."

Asking For Money

In determining whether a bank has a "controlling influence" over another bank, the Federal Reserve also looks for signs of involvement in how a bank raises and spends capital. In this area, too, there seems to be a difference between what happened and what regulators expected.

Adham said in an interview, that he borrowed money from BCCI for some of the capital to buy shares in First American's parent holding company, Credit and Commerce American Holdings NV (CCAH). The shares themselves secured the BCCI loans.

Clifford said he was unaware that any of the money was borrowed from BCCI. "I do not know what the financial relationship was with the shareholders and BCCI. We were never told that."

There were six infusions of new capital over seven years: \$12 million; \$89 million; \$45 million; \$190 million; \$15 million and \$50 million. Clifford said the money typically arrived from the shareholders' accounts at BCCI and that First American then issued new shares, sending them directly to the shareholders or to BCCI for distribution. (CCAH also borrowed \$20 million from a BCCI subsidiary, records show, earmarked for "growth and expansion." Altman said it was a routine loan of money used as working capital for First American.)

The takeover application seemed to rule out this kind of role for BCCI, saying: "Neither is it a lender, nor will it be, with respect to the acquisition by any of the investors of shares in the holding company."

Kline of the Federal Reserve said: "That is a very clear-cut statement," which he interpreted to mean that BCCI was "not going to loan to anyone to buy the shares." Altman disagreed, saying that statement was limited to the purchase of shares during the takeover itself.

Clifford described how the capital infusions took place. "On those rare instances when we had to go to [the investors] for money, we would make the case and, each time, we got the support of Kamal Adham and of Abedi."

But, Clifford stressed, this did not mean Abedi or BCCI had any control over the money. "We make all the decisions," he reiterated.

Quesada, who retired from CCAH's board last year, had a different perception. "They [Clifford and Altman] would go to BCCI with the capitalization amount and make sure they wanted to invest," he said. "See, they were the owners of the bank, so naturally we would have to go to them for consent on matters of major magnitude. Just like an American company."

Quesada, during three interviews last fall, said he always understood that BCCI had "a controlling influence of First American Bank in Washington." According to Quesada, who served on the board until last year, BCCI had the authority to give consent to First American's plans, including expenditures. "Or withhold it," Quesada said. "They had that option."

Clifford said Quesada's perception was wrong. "I don't know how in the world he ever got that idea."

Yesterday, Quesada called The Post after talking with Altman, and said that he had left the wrong impression during the interviews. "If I said what you said I have, and I may have, then I misinformed you."

BCCI, for its part, has given two responses: In a statement to The Post in September, BCCI said it "does not own any shares of First American, nor does it control, or manage First American in any way." Asked last week for any additional comment, a BCCI attorney responded yesterday: "At the direction of BCCI's new management, a review of BCCI's relationship with a number of financial institutions is underway. BCCI is therefore unable to comment on the matter at this time."

Expanding in New York

Soon after the takeover was complete, First American turned its attention to building up its New York subsidiary, which at the time was headquartered in an office at 350 Park Ave. in Manhattan. It had no established branches in New York City to serve its customers.

The official record shows that First American bought two branches from Bankers Trust Co. in 1983. According to Bankers Trust officials who handled the sale, however, the initial negotiations were conducted primarily by BCCI's Khasuro Elley.

On March 25, 1983, Elley approached Bankers Trust about buying several branches then for sale. Throughout negotiations that spanned several months, Bankers Trust officials said, they thought they were dealing with BCCI, acting on behalf of a subsidiary. "We understood that he [Elley] was representing the parent as well as First American," said Theodore Kesselman, former chief financial officer at Bankers Trust.

An initial offer—submitted May 5 in the name of First American—was rejected as too low. Ralph Perry, the Bankers Trust official handling negotiations, reported to Kesselman that Elley claimed he could not bid any higher without consulting BCCI officials in London.

Several days later, Elley and Aboli Helmi, a BCCI mergers and acquisitions specialist, met again with Perry. "After he [Elley] saw the numbers and his advisers did his homework, so to speak, I went up to the BCCI office and we sat down and talked about the whole thing," Perry said. "... I remember we wrote on a yellow pad

some basic principles we agreed upon and initialed it."

The formal \$3 million bid for the branches came later from Altman, on First American stationery. Altman said Elley was acting at his direction, not BCCI's. Altman said he "may have" first learned of the Bankers Trust branches from Abedi, who possibly told him "BCCI has looked at this and you may be interested in it."

But Altman added, "That's about as far as it went. He [Abedi] never told us to buy."

Two weeks after the offer, Elley became a senior vice president at First American. He disputed Perry's account, saying Perry did not understand the arrangement he had with First American. "There was a period of transition in which I assisted First American with the acquisition of those branches, while I was still at BCCI, but I had taken the decision to leave BCCI," Elley said. "... I can't recall the exact sequence of events."

Clifford, who said he made the decision to pursue and buy the Bankers Trust branches, said he was puzzled by Perry's and Kesselman's account. "The fact is that these people, who have no motive not to be truthful, recall that BCCI was behind the whole deal," Clifford said. "Does that mean that BCCI was necessarily controlling First American? I don't think that logically follows."

The Bankers Trust purchase was completed just about the time that Richter was hired to head the New York operation. His chief priority was to build an international banking operation. Richter said Abedi was an "adviser to First American" in this area. He said Abedi asked him how much new capital he would need. "I said I wanted \$100 million," Richter said. Within a year, he said, \$100 million arrived—\$89 million in new capital, the rest from the sale of another First American asset.

Clifford disputed Richter's characterization of Abedi's role. He said that First American was merely trying to cultivate BCCI as a client because BCCI could channel foreign banking business into First American. He said he first discussed the capitalization with Adham, who came up with the figure of \$100 million. "I think, again, there is a misperception," Clifford said.

The Bankers Trust acquisition demonstrates a gap in the regulatory system: To acquire the two Bankers Trust branches, First American had to file applications with the New York State Banking Department and the FDIC—but not with the Federal Reserve Board.

Those applications summarized the Bankers Trust negotiations, noted the capitalization and mentioned plans to develop a "substantial international banking business." BCCI is not mentioned on the applications.

Kline, the Federal Reserve associate director, said he does not think the 1981 representations about BCCI allow for contacts between BCCI and First American subsidiaries. "Certainly not in terms of influencing the policies or operation of a subsidiary," he said.

A Takeover in Georgia

In 1987, four years after the Bankers Trust deal, First American acquired the National Bank of Georgia (NBG). Here, too, BCCI was involved from beginning to end: helping with the negotiations, arranging for the financing and participating at the closing.

NBG was owned by Saudi financier Ghazi R. Pharaon. He had once been BCCI's largest shareholder and continued to rely upon Abedi for financial advice.

Clifford said the negotiations began with a conversation between himself and Abedi and were thereafter handled by Altman. "I dealt with Pharaon," Altman said. "I dealt with Abedi. . . . I talked to him [Abedi] on the telephone. I informed him of where we were on the deal. I explained to him our bidding. Were we asking for approval to do it? We certainly were not."

Ads Stress History, Heritage and Heroes

'Warm' Campaign Accents U.S. Values

On the television screen Vivian Taylor speaks from the heart of how her parents sacrificed to send her to college. "When people save money the way my parents did, it's an expression of love," she says.

Taylor fades from the screen and next appears the distinctive trademark of 1st American Bank, and with it the gentle, rich voice of a narrator. "We share your values and will help you save for college. We're First American. The bank for all Americans."

Four years ago, the name First American Bank was lost in the din of a crowded marketplace, languishing behind six or eight other local institutions for what marketing experts call "top-of-the-mind" awareness, according to Bruce Genther, a First American spokesman.

But after a clever television advertising campaign, beginning with a series of tongue-in-cheek historical skits that feature TV personality Willard Scott as George Washington and other American heroes, First American's marketing studies show a much improved public awareness of the company.

The ad campaign was designed to convey a "warm and fuzzy" feeling about First American, Genther said. Indeed, one videocassette tape from the

company's ad agency has "1st American warm and fuzzies" on the label. A set of commercials about immigrant families ends with this voice-over: "Nearly every family can trace its heritage to one bold 'first American.' We salute the spirit of first Americans who made this country their own."

That First American's holding company is owned by investors from Saudi Arabia, Kuwait and the United Arab Emirates is an irony lost on most customers, Genther said. "We're sensitive to the issue of being foreign-owned. We know that the marketplace knows that . . . we've never shied away from that."

The television commercials were designed by the firm of Goldberg, Marchesano, Kohlman Inc. Carol Marchesano said the ads are designed to get consumers to come to know, like and trust First American. Subliminally, she said, the ads are intended to reach out to low- and middle-income depositors who might feel ignored by other advertising campaigns aimed at more affluent depositors.

Marchesano said the patriotic theme flowed from the company's corporate name. "The name is First American," she said. "So that is the most natural thing for us to promote—those things American, like the family values, like apple pie and the American flag."

—Jim McGee

Altman said Abedi had two limited roles: as a go-between who could persuade Pharaon to take First American's offer over a competing offer and as a "communications link" with the First American shareholders who were providing the \$190 million that First American needed to buy NBG.

But BCCI also acted on behalf of First American as pledge agent. This meant that BCCI held the NBG stock during an option period; and then, at closing, was allowed to use the purchase funds to satisfy Pharaon's outstanding loans with BCCI.

Clifford said there was nothing unusual in BCCI's role. "It's the most natural result that one could expect," he said. "BCCI was Pharaon's bank," and both sides were comfortable with BCCI serving as midwife to the transaction.

The application for Federal Reserve approval of the NBG purchase does not mention BCCI and its various roles. If it had, "that would have triggered a red flag for us," Mattingly said.

New and Old Questions

A red flag did go up in September 1988 when a federal agent in Miami caught a BCCI executive on tape in the Noriega money-laundering case.

The executive, Amjad Awan, was secretly recorded as he talked about BCCI's operations in the United States. Awan, who was later convicted of money-laundering and sentenced to 12 years in prison, began describing his view of the relationship between BCCI and First American's shareholders from his vantage point as head of BCCI's Latin American division.

"BCCI was acting as adviser to them," Awan told the federal agent. "But the truth of the matter . . . is that the bank belongs to BCCI. Those guys [the First American investors] are just nominee shareholders."

Clifford dismissed Awan's account, saying Awan had no way of knowing the facts. "I can see how this would grab you," he said. "I can only say he is totally incorrect."

Altman said Awan and other mid-level BCCI officials mistakenly assumed that BCCI controls First American because the two banks have certain investors in common. "I've heard that officers of BCCI have made those statements, that they have this relationship to First American," Altman said. "They don't understand what the situation is."

After the money-laundering charges became public, Federal Reserve officials said, the board delayed a pending First American acquisition in Florida until a "special inquiry" was completed.

On Feb. 16, 1989, the board signed off on the Florida acquisition, concluding that First American had "adhered to their original commitments" in the 1981 hearing. "All we can do is say we looked," Mattingly said.

Turmoil continues at BCCI. Last year, it pleaded guilty in the money-laundering case and paid a \$14 million fine. Several managers have gone to prison, scores have resigned or been fired. Recently, the bank announced the resignations of Abedi and Naqvi.

Meanwhile at First American, where the bank is profitable and all seems calm, Clifford and Altman wish the questions would stop. "We think that the Fed totally understands the relationship with BCCI," Altman said.

On a wall inside First American's tastefully furnished board room at its 15th and H streets NW headquarters, is a portrait of Clifford placed directly behind his seat at the conference table. This image—that of a distinguished American presiding over a healthy, well-managed bank—is more than just corporate symbolism; it is the bank's best defense.

"This has been an exceedingly personal operation," said Clifford. "I would not have taken [the job] if I had not been assured that I had total authority to run that bank. And at no time has that authority been interfered with."

Staff researchers Lucy Shackelford and Bruce Brown contributed to this report.

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Television personality Willard Scott as George Washington in scene from one of a series of First American advertising campaign spots featuring tongue-in-cheek historical skits. The commercials end with the slogan, "We're First American. The bank for all Americans."

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 2/7/91

From : SA [redacted] (C-5)

Subject: UNSUB(S);
dba CREDIT AND COMMERCE AMERICAN HOLDINGS, N.V.
Netherlands, Antilles;
BF&E; FAG
(OO:WMFO)

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On 2/7/91, I attended a meeting at the U.S. Attorney's Office, Washington, D.C., concerning the captioned matter and called by AUSA [redacted] Criminal Division. Others in attendance were: AUSA [redacted] Economic Crimes Unit, USAO, WDC; [redacted] Fraud Section, DOJ, telephone [redacted], also of the DOJ Fraud Section: Assistant District Attorney (ADA) [redacted] Investigations, New York County District Attorney's Office (NYCDAO), One Hogan Place, N.Y., N.Y. 10013, telephone [redacted]; ADA [redacted], NYCDAO. The meeting was called at Chief [redacted] suggestion to determine from the NYCDAO representatives whether the results of an ongoing investigation being conducted by the NYCDAO into the BANK OF CREDIT AND COMMERCE INTERNATIONAL (BCCI) have applicability in the captioned matter or, possibly, other federal violations.

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ADA [redacted] said the NYCDAO has been investigating BCCI under N.Y.'s "enterprise corruption" statute for several years. In fact, he reported, the ten-year statute of limitations tolls on the suspected violation at the end of this year. The NYCDAO has been in contact with the same attorneys who provided the Federal Reserve Board (FRB) with the information contained in the criminal referral form which initiated the captioned matter:

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[redacted] all with the firm of Patton Boggs & Blow (PB&B), 2550 M Street, NW, WDC 20037, telephone (202)457-6310. PB&B apparently has been retained by the new ownership of BCCI in response to several ongoing inquiries: the NYCDAO case; the captioned matter; two federal cases (a tax matter and some other kind of criminal matter) in the Southern District of Florida (SDF). [redacted] a

②-WMFO

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O & A
2/11/91

29B-WF-171994-4

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[redacted]

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1325015-000-4847

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criminal attorney, has responded to a plea offer made by NYCDAO by suggesting "a global settlement" of all the pending matters, both state and federal, possibly involving his clients--the current owners of "77.4% of BCCI."

The NYCDAO's investigation indicates that current management and past owners of BCCI are possible targets for other (unspecified) violations within its jurisdiction. The offer NYCDAO extended to Liebman was to allow BCCI to plead the corporation to the "enterprise corruption" charge (which essentially involves a false statement to the state banking regulator), in return for meaningful cooperation in aiding the effort to identify and target the other criminal, state violations. Such a plea (or conviction at trial) would result only in "insignificant" monetary sanctions, ADA [] said. BCCI, however, is trying to avoid having to plead the corporation in a U.S. criminal case because doing so will likely result in revocations of its British and European licenses to operate. Instead, BCCI, through [] has been offering cooperation to expose the alleged perpetrators of "perhaps the biggest swindle ever," which one source has told NYCDAO has caused losses to BCCI at or in excess of \$1 billion.

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ADAs [] said that, due to grand jury secrecy requirements, they could not disclose the existence or nature of evidence which has been made available to NYCDAO during the course of its investigation, unless the DOJ and/or the USAOs, WDC and SDF, wanted to become parties to that investigation in a joint effort with NYCDAO, preferably conducted through the N.Y. grand jury. In fact, ADA [] requested that such a joint effort be considered. While not foreclosing the possibility of a joint investigation, Chief [] and AUSA [] said they were not prepared to take that step without first approaching [] with a request for cooperation. Both also said they were not inclined to sign on to a "global settlement" which might preclude further investigation/prosecution of federal violations as yet unknown.

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ADA [] said that [] has produced some records, such as a redaction of a Price Waterhouse audit of BCCI. However, the new owners of BCCI, when the alleged fraud was discovered, took all the company records to Abu Dhabi. The NYCDAO's proposed agreement, however, requires production of all documents and witnesses, and the means to find correlative evidence. ADA [] did note that the FRB had received a "6E" exemption from the N.Y. court and, thereafter, had received the redaction of the audit report. This was news to Messrs. [] who had attended the meeting at the FRB when the information in the referral form was received from []. At that time, Chief [] asked the three if there was an audit

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29B-WF-

report available. The three of them responded at once, but in a somewhat confusing manner: two of them nodding their heads in the affirmative, the other shaking his head in the negative.

Chief [] and AUSA [] agreed that the DOJ and USAO, WDC, would approach [] et al, with a request for full cooperation as an indication of the innocence of their clients. If that approach is rebuffed, then DOJ personnel would be assigned to review and evaluate NYCDAO's evidence, using a "Chinese wall," to decide whether DOJ and the USAOs, WDC and SDF, should "buy into" a joint investigation with NYCDAO.

AUSA [] said the captioned matter should be investigated anyway, given the apparent violation of T. 18, U.S.C., S. 1001. Other possible violations include T. 18, U.S.C., S. 1847 (Bank Holding Act--violation of which is a felony) and T. 18, U.S.C., S. 1005 (False Statements, in this case, made to the FEDERAL RESERVE BOARD).

It is therefore recommended this matter be opened and assigned.

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Memorandum



To : Director, FBI

Date

2/14/91

From : SAC, WMFO

29B-WF-171994

(Serial # is mandatory)

Subject :

Wmfo
Alca

1. Source of Captioned Matter:

- ☒ A: Federal Supervisory Agency Written Referral
☐ B: Financial Institution Written Referral
☐ C: Other

2. Type of Victim Institution:

Bank

- ☐ A: FDIC ☐ D: Savings Association
☐ B: OCC ☐ E: Credit Union
☒ C: FRB ☐ F: Farm Credit Institution

3. State Victim Institution Located: (two letter identifier)

DC

4. Type of Subject(s):

- ☐ A: Insider ☐ C: Outsider
☒ B: Insider & Outsider ☐ D: Unknown

5. A: Amount of Reported Loss (before restitution, if any)
 B: Amount of Reported Restitution (if any)

None known

6. Action taken:

- ☒ A: case opened _____
☐ B: incorporated into pending investigation
☐ C: no action due to state or local prosecution
☐ D: amount of loss does not meet prosecutive guidelines and is being referred to a state or local law enforcement
☐ E: Federal violation in the referral is handled by another Federal agency
☐ F: matter was presented to USA and prosecution was declined
☐ G: initiation of investigation delayed due to current unavailability of resources

*Indication of high dollar
loans to officers
of First American
which are unpaid.*

29B-WF-171994-5

Refer to MIOG, Section 29-6.1, for reporting and notification requirements upon receipt of criminal referrals in bank fraud and embezzlement matters.

Searched

Serialized

Indexed

File 1325015-000-4850

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 2/13/91

From : SA [redacted]

b6
b7C

Subject: UNSUB(S);
dba CREDIT AND COMMERCE AMERICAN HOLDINGS, N.V.
Netherlands, Antilles;
BF&E; FAG
(OO: WMFO)

On 2/13/91, I telephoned [redacted]
[redacted] to the Board of Governors of the Federal Reserve System
(FRS), 20th & C Streets, NW, Washington, D.C., telephone
[redacted] concerning the 1/22/91 criminal referral form he
filed in the captioned matter. [redacted] said he would be unavailable
until 2/19/91, due to the fact he was leaving for London,
England, in an hour, as part of his inquiry into the captioned
matter. An appointment to interview him was made for 9:30 a.m.,
2/19/91.

b6
b7C

[redacted], a former AUSA, is one of seven attorneys who
staff the Enforcement Unit for the FRS, and essentially do their
own investigations--assisted by field examiners who report to
them--of apparent violations of FRS regulations. [redacted] was
brought in to handle investigations of money laundering and bank
secrecy violations. Civil sanctions available to their unit
include the imposition of monetary penalties; removal and
debarment of individuals involved in violations; cease and desist
orders. Criminal matters, when discovered, are referred to law
enforcement.

b6
b7C

1-WMFO

JNR:jnr
(1)

29B-WF-171994 -6

SEARCHED	INDEXED
SERIALIZED <i>su</i>	FILED <i>su</i>
FEB 18 1991	
FBI - WASH. METRO FIELD OFFICE	

1325015-000-4851

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 2/13/91

From :

SA [redacted]

Subject:

UNSUB(S);
dba CREDIT AND COMMERCE AMERICAN HOLDINGS, N.V.
Netherlands, Antilles;
BF&E; FAG
(OO: WMFO)

b6
b7C

AUSA [redacted] called to report she had spoken with [redacted] of the Federal Reserve System (the FED) after my conversation with him. I told AUSA [redacted] of my intention to interview [redacted] on 2/19/91, to obtain any documents containing the alleged false statements reported in the criminal referral form, and to find out what now makes the FED believe the statements are false. AUSA [redacted] then reiterated the concern about the possible "Castigar problem" which she and DOJ Fraud Section Chief [redacted] expressed in the 2/7/91 meeting with the N.Y. County Assistant District Attorney [redacted] and which might arise if the federal government received information or documents derived from the N.Y. County grand jury.

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AUSA [redacted] then informed me that [redacted] has other documents which may relate to the captioned matter:

b6
b7C

- (1) the transcript of a 2/12/91 deposition of [redacted] by the FED;
- (2) the transcript(s) of the 1981 hearings where CLARK CLIFFORD, et al, introduced the prospective owners of FINANCIAL GENERAL CORPORATION to the FED;
- (3) the forms filed with the FED on a yearly basis by FIRST AMERICAN BANKSHARES;
- (4) "several boxes" of documents files--currently at FIRST AMERICAN BANK--provided by [redacted] and possibly relating to such things as "side agreements on loans."

1-WMFO

JNR:jnr
(1)

29B-WF-171994-7

SEARCHED	INDEXED
SERIALIZED <i>su</i>	FILED <i>su</i>
FEB 13 1991	
FBI - WASH. METRO FIELD OFFICE	

1925015-000-4852

Memorandum

F



To : SAC, WMFO (29B-WF-171994) (P)

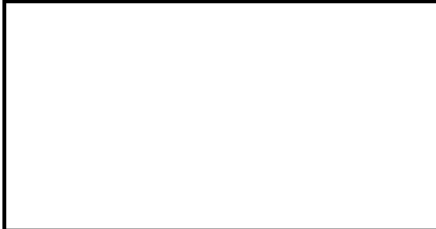
Date : 2/20/91

From : SA [redacted]

Subject:

CHANGED

CLARK M. CLIFFORD:



dba CREDIT AND COMMERCE AMERICAN HOLDINGS, N.V.
Netherlands, Antilles;
BF&E; FAG
(OO: WMFO)

b6
b7C

b6
b7C

On 2/19/91, I met with [redacted]
[redacted] Division of Banking Supervision and Regulation, Board of
Governors of the Federal Reserve System (FRS), 20th & C Streets,
NW, Washington, D.C. 20551, telephone [redacted] to discuss
the criminal referral form he filed, which initiated the
captioned matter. [redacted] formerly an assistant U.S. attorney and,
currently, an attorney in the "Enforcement Unit" of the FRS, said
he had referred the matter to DOJ in the belief there is a "good
criminal case" contained in the findings of his investigation.
Essentially, the case is one of an ongoing series of false
statements made to the FRS about the ownership and control of
FIRST AMERICAN BANKSHARES and its subsidiary, FIRST AMERICAN
BANK.

b6
b7C

Knowledge of the false statements came to light after
the 4/90 money-laundering convictions of the BANK OF CREDIT AND
COMMERCE INTERNATIONAL (BCCI) in the Middle District of Florida
caused the new owners of BCCI to bring in auditors to examine all
of its operations. That audit disclosed that BCCI was under-
capitalized by about \$1 billion, and caused the Abu Dhabi
contingent of stockholders, who owned about 35% of BCCI, to seek
an infusion of capital from the other owners, mainly some Saudis
who owned over 40% of BCCI. When the Saudis refused, the Abu
Dhabi contingent bought out the Saudis, thereby becoming majority
owners. A subsequent, more extensive audit by the new owners

②-WMFO

JNR:jnr
(2)

29B-WF-171994-8
Su
Su

1325015-000-4853

revealed a much larger need for capital, due to a series of questionable loan transactions which resulted, among other things, in BCCI owning at least 58% of the outstanding shares of the company which owns FIRST AMERICAN BANKSHARES: a violation of the Bank Holding Act, T. 12, U.S.C., S. 1847, which prohibits undisclosed, unregistered, foreign ownership of more than 25% of any American bank.

BCCI's ownership of FIRST AMERICAN BANKSHARES came about by virtue of a series of loans BCCI made, beginning as early as 1978, to the "shareholders" of CREDIT AND COMMERCE AMERICAN HOLDINGS, N.V. (CAAH), Netherlands, Antilles; a "shell" set up for the purpose of acquiring FIRST AMERICAN BANKSHARES' predecessor, FINANCIAL GENERAL BANKSHARES. Those loans, and others that followed (probably in and after 1982), were of the "non-recourse" variety, secured by shares in CCAH, and were made to subjects [redacted]

[redacted] all comprising the [redacted] in CCAH. Subjects [redacted] and CLIFFORD were [redacted] in CCAH (more on this below), using BCCI loans to purchase their stock. BCCI has now disclosed to the FRS that (1) these loans were never serviced, (2) they were not defaulted (before the new owners took over), and (3) that there seemed to be no correlation between the amount of CCAH shares owned/pledged and the amount of a loan. In assuming control over the collateral--amounting to 58% of the outstanding CCAH shares--BCCI assumed control of FIRST AMERICAN BANKSHARES, thereby committing the felony violation of the Bank Holding Act (T. 12, USC, S. 1847).

"If what BCCI says is true," [redacted] said, "then the CCAH people lied (to the FRS in their original filing and all ensuing, yearly ones) about ever getting financing from BCCI." Included in the "CAAH people" are the captioned subjects, with CLIFFORD.

[redacted] comprising four of the five [redacted] CCAH; the fifth being the "trust company" in Curacao, where CCAH is headquartered. In addition, [redacted] FIRST AMERICAN CORPORATION--a Delaware corporation which supposedly owns FIRST AMERICAN BANKSHARES; CLIFFORD is chairman of the board of FIRST AMERICAN BANKSHARES, [redacted]

[redacted] CLIFFORD and [redacted] law firm which either represents, or has represented, all of the entities involved, from BCCI on down the ladder to FIRST AMERICAN BANK.

According to [redacted] BCCI has disclosed that [redacted] and CLIFFORD's purchases of CCAH stock were made with BCCI loans in 1986 and again in 1987. Documents now in FRS custody reveal that, in 1986, [redacted] borrowed between \$4 million and \$5 million, and CLIFFORD borrowed about twice that amount, and both used all the proceeds to buy CCAH shares at approximately \$2,230 each. In

1987, [] borrowed about \$1 million, and CLIFFORD \$2 million, again using all of it to buy CCAH shares, this time at approximately \$2,240 each. On both occasions, they executed promissory notes, and pledge agreements of the shares as collateral. However, BCCI has found that, in each case, there were "side letters" to CLIFFORD and [] in which BCCI agreed: (1) to disregard the promissory notes and pledge agreements, and automatically renew the loans; (2) that, when either or both were ready to sell the shares, BCCI would find a buyer; (3) that there was no need for either to pay principal or interest (although prior to the 1987 loans, CLIFFORD did pay about \$600,000 interest and loaned [] about \$350,000 so he could do the same); (4) that when the shares were sold, [] and CLIFFORD would get at least what they had paid for them, plus any profit.

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b7C

In or about 3/88, [] and CLIFFORD decided to sell their CCAH shares. They were purchased by another CCAH shareholder, [] (see 5/90 Regardie's article, p.69), who paid them \$6,800 per share, i.e., about three times the book value. [] realized a profit of about \$3 million (although he claims it was about \$900,000 after commissions and repayment of CLIFFORD), and CLIFFORD, about \$6 million. In December, 1989, still curious about BCCI's role in all of this, the FRS, in the person of [] wrote to [] asking disclosure of any BCCI loans ever used for the purchase of CCAH shares. [] answer did not disclose the loans he and CLIFFORD received. [] now says that, because the loans had been repaid, he thought [] wasn't interested in them. [] believes that such an insider stock deal may be a securities violation.)

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The FRS has all CCAH documents, supposedly in the U.S., by virtue of a civil subpoena. [] was unsure whether an "access letter" would suffice for us to examine them, or a subpoena would be required. All the BCCI loan documents are in Abu Dhabi, however, and the FRS is negotiating with BCCI to at most get them to the U.S., or at least to some neutral site for examination. BCCI is also on the verge of agreeing to cease and desist doing business in the U.S., and to put together a divestiture plan.

b6
b7C

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

p.A-5
The Wall Street JournalDate: 2/20/91
Edition:

Title: "Fed Makes Criminal, Civil Referrals to U.S. Regarding First American Unit."

Character: BF&E; FAG
or
Classification:
Submitting Office: WMFO

Indexing:

trolling interest in First American's parent.

The ownership structure behind First American is complicated. First American Bankshares is owned by First American Corp., which in turn is owned by Credit and Commerce American Holdings, which is in turn owned by Credit & Commerce American Investment N.B. Amsterdam, Netherlands. Mr. Altman said there hadn't been changes in CCAH's shareholder register over the past several years. The companies aren't formally affiliated with BCCI, but there is a considerable overlap in shareholders of BCCI and these Dutch and Netherlands Antilles companies.

BCCI has problems of its own, and one of the regulators' first jobs has been to ensure that capital from the Washington bank wasn't used to plug holes elsewhere in the ailing BCCI network. BCCI has moved its headquarters to Abu Dhabi and has shrunk to 359 branches from about 400 a year ago, according to Clement Gagne, a lawyer at Janis, Schuelke & Wechler, which also represents BCCI.

In addition, even after an Abu Dhabi government injection of \$1 billion early in 1990, there are considerable amounts of nonperforming loans, which some people close to the bank said total as much as \$4 billion to \$5 billion.

29B-WF-171994-9

ARCHED	INDEXED
SERIALIZED	FILED
FEB 25 1991	
FBI - WASH. METRO FIELD OFFICE	

--Fed Makes Criminal, Civil Referrals To U.S. Regarding First American Unit

By PETER TRUELL

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON—The Federal Reserve has made criminal and civil referrals to the Justice Department concerning possible misrepresentations of the capital and ownership structure behind First American Bankshares Inc., according to people close to the matter.

The Fed's concerns are based on the discovery by regulators that to a significant degree, the ultimate ownership and financing of First American Bankshares and its parent First American Corp. was tied to Bank of Credit & Commerce International, an institution that last year pleaded guilty to money-laundering charges in Tampa, Fla.

Some shareholders in Credit & Commerce American Holdings N.V., a Netherlands Antilles-based holding company for First American, borrowed money from BCCI to finance their shares in the Netherlands Antilles company, and pledged the stock as collateral, according to people close to the matter.

First American, with \$11 billion in assets, is the largest bank holding company in the Washington area, and has banking operations in the District of Columbia, New York, Virginia, Maryland, Georgia, Tennessee and Florida. Its chairman is Clark Clifford, who is a prominent figure in Washington political and legal circles. Mr. Clifford also was an adviser to President Harry S. Truman and a defense secretary in the Johnson administration.

The Fed made the referrals to the Justice Department just over two weeks ago, according to people familiar with the matter. Spokesmen for the Fed and the Justice Department declined to comment. Referrals to the department do not necessarily mean that any legal action will be taken.

If bank loans were covertly used to finance First American's capital, it would break regulations and laws regarding disclosure for bank holding companies.

It also could mean that First American Bankshares was in effect a subsidiary of BCCI. If so, that would have caused regulators to be more cautious in their supervision of First American. BCCI, which is often seen as an unorthodox bank, was until recently based in both Luxembourg and the Cayman Islands, tax havens that don't have strong central bank regulators. After reporting hundreds of millions of dollars of losses last year, it moved its headquarters to Abu Dhabi, United Arab Emirates, but still is beset by billions of dollars in problem loans.

First American has asserted that it is an independent bank since at least April 1981, when a group of major Middle Eastern investors represented by Mr. Clifford told the Federal Reserve and other bank regulators that they were "a group of individuals acting as individuals" using their own financial resources to acquire First American's predecessor company. Mr. Clifford and his law partner, Robert Altman, became the bank holding company's

chairman and president, respectively, once the investor group completed the takeover in 1982.

However, lawyers involved in the case said that last year, representatives of Abu Dhabi's government found that nonperforming bank loans at BCCI had been used by Middle East investors to purchase stock in Credit & Commerce American Holdings, with the loans secured by the stock.

Abu Dhabi began looking into the matter after its ruler, Sheik Zayed al-Nahyan, effectively took over BCCI last year. "I think that essentially once the new majority shareholders [of BCCI] became aware there were potential problems under U.S. law, they authorized us to go to the U.S. authorities and resolve outstanding issues there may be," said Middleton Martin, a partner at the Washington law firm of Patton, Boggs & Blow, which is representing Sheik Zayed and the Abu Dhabi government. Since Patton Boggs took over responsibility for the case, they have been in continual discussion with the Federal Reserve, Mr. Martin said.

In an interview Friday, Mr. Altman denied that he or Mr. Clifford knew anything about bank loans from BCCI being used for the capital of First American's parent. "I don't have any information regarding any of these alleged financing arrangements," he said. First American, he added, "has been operated properly and responsibly and in compliance with all rules and regulations since 1982 to date." Mr. Altman also said, "I am unaware of the referrals" to the Justice Department, and added that since the takeover, there had been "no interference of any kind by BCCI in the operation of First American either directly or indirectly."

Referring to the 1981 Federal Reserve examination of the bid made for First American's predecessor—Financial General Bankshares Inc.—by the group of Middle Eastern investors, Mr. Altman said, "whatever facts we knew that bore on that [takeover and the financing of it] were presented at that time."

Mr. Clifford didn't return telephone calls seeking comment, but Mr. Altman said that he also spoke for Mr. Clifford.

First American's condition is comparable to other big banks in the Washington area, according to people in and close to the bank. According to unaudited quarterly results for the quarter ended last Sept. 30, filed with the Federal Reserve, First American Bankshares had total assets of \$11.15 billion, down from \$11.63 billion at June 30. For the first six months of 1990, it had a net loss of \$22.8 million, compared with net income of \$30.3 million a year earlier, according to a report dated June 30.

The bank holding company, partly as a result of tortuous negotiations with Abu Dhabi, recently received a capital injection of several tens of millions of dollars from the Abu Dhabi government. Because the BCCI loans backed by Credit & Commerce American Holdings stock are nonperforming, Sheik Zayed now has a con-

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

P. A-1
The Washington PostDate:
Edition:

2/21/91

Title:

"Fed Probes Foreign Links
to First American BankCharacter:
or

2AB-

Classification:

Submitting Office:

WMFO

Indexing:

Fed Probes Foreign Links To First American Bank

Overseas Asset Transfers Barred as Safeguard

By Jim McGee
and Joel Glenn Brenner
Washington Post Staff Writers

The Federal Reserve Board yesterday disclosed it is investigating whether the Bank of Credit and Commerce International (BCCI), a foreign bank based in the Persian Gulf, is a secret investor in First American Bankshares Inc. of Washington and said it has issued an order barring any transactions between the two institutions.

Federal Reserve officials have been told that BCCI acquired control of shares in First American's parent company without the approval of state and federal bank regulators, according to informed sources. A senior Fed official said the order is a "precautionary measure put into place to protect the bank [First

American] while the Federal Reserve completes its investigation."

The Fed also referred the matter to the Justice Department for review of possible criminal or civil charges, sources said.

First American, the area's largest bank holding company and parent of First American Banks of Washington, Maryland and Virginia, lost a record \$182.5 million in 1990 because of the deteriorating commercial real estate market, according to documents that the privately held bank company filed this week with federal banking regulators.

In response to the losses, the second-highest recorded by a local financial institution, First American's longtime chief executive, C. Jackson Ritchie Jr., has been forced to resign

See FIRST AMERICAN, A9, Col. 1

2AB-WF-171994-10

SEARCHED	INDEXED
SERIALIZED	FILED
FEB 25 1991	
FBI - WASH. METRO FIELD OFFICE	
1325015-000-4857	

Fed Probes Foreign Link To Local Bank

FIRST AMERICAN, From A1

and nearly 100 employees have been laid off, sources said.

First American President Robert Altman yesterday confirmed the loss and layoffs and said Ritchie resigned on his own initiative.

Sources said the Fed is concerned about possible transfers of funds from First American to BCCI, a Middle East bank that is reportedly suffering from heavy losses.

Last year, BCCI was fined more than \$14 million by a U.S. court after pleading guilty to federal charges of money-laundering in a case that documented the movement of funds controlled by former Panamanian leader Manuel Antonio Noriega through a BCCI account at First American.

First American, which operates eight banks with 295 branches in the District, Maryland, Virginia, Tennessee, New York, Georgia and Florida, is organized as a network of holding companies, owned by Credit and Commerce American Holdings (CCAH), based in the Netherlands Antilles.

It is run by two Washington attorneys, Altman and Chairman Clark M. Clifford, a member of former President Lyndon Johnson's cabinet and one of the nation's most prominent attorneys.

A LOOK AT FIRST AMERICAN

FIGURES IN MILLIONS OF DOLLARS

CATEGORY	FIRST AMERICAN CORP.	FIRST AMERICAN BANKS IN D.C. AREA
Assets		
1990	\$11,065	\$7,075
1989	11,520	NA
Net income (loss)		
1990	(182.5)	(96.7)
1989	58.3	64.6
Troubled real estate loans	336.7	261.6
Provision for loan losses	308.0	248.8

NOTE: Troubled real estate loans are for 1990 and include real estate acquired to satisfy debts, other real estate owned, loans that are past due 90 days and loans that are no longer paying interest or principal. Provision for loan losses is the amount that the bank added to its total reserve against bad loans in 1990.

SOURCE: Federal Reserve.

Altman consented to the order barring transactions between First American and BCCI, saying, "I think it is a prudent step for the Fed to take and one we were willing to take."

Altman, who has repeatedly asserted that neither he nor Clifford is aware of any financial arrangements between BCCI and First American's shareholders, promised to cooperate with the investigation. "We have always conducted business with BCCI on an arms-length basis," Altman said.

Because First American is privately held, the company, with \$11 billion in assets, does not publicly disclose its financial performance. But like all bank companies, First American does file summary financial results with the Federal Reserve.

According to these filings, First American has lent more than \$1 billion for real estate construction and land development through its various banking subsidiaries, leaving it vulnerable to any downturn in the commercial real estate market.

In 1990, more than half of the bank company's losses came from its banking subsidiaries in the Washington metropolitan area, where the commercial real estate market has been in a deep recession. Included among First American's troubled commercial real estate loans is a \$6 million unsecured loan to developer Dominic F. Antonelli Jr., who recently filed for bankruptcy protection from creditors. The First American bank in the District, Maryland and Virginia lost more than \$96 million in 1990, compared with earnings of \$64 million in 1989. Troubled real estate assets at the three banks totaled more than \$100 million at the end of 1990.

Altman said yesterday that he believes the loss of \$139 million recorded by First American Bankshares Inc. reflects the bank company's problems more accurately than the larger loss recorded by First American Corp. He said he expects a profitable year in 1991.

Altman said the 1990 results reflect the bank's forceful measures to write off bad real estate loans and to set aside reserves as protection against possible future problem loans. First American remains in compliance with all federal standards for capital, the financial cushion that protects against any loan losses, he said. The bank company recently received an \$80 million addition to its capital from its principal shareholders in Abu Dhabi, Altman added.

According to one First American executive, who declined to be identified, the bank "did everything it could to keep the losses a secret. They even went so far as to keep us from taking notes on the problems at management meetings. They didn't want any written record of the problems."

The Fed's inquiry follows a series of allegations that began more than a year ago suggesting an unusual relationship between BCCI and First American.

A senior Fed official said the board acted because it now has grounds to believe that BCCI might have a substantial ownership interest in First American.

On Feb. 3, The Washington Post reported that BCCI has had an extensive relationship with First American that appears contrary to what federal regulators said they were told when they approved the takeover of First American in 1981.

The Fed and the New York State Bank Board approved the takeover in 1981 after being assured by Clifford that BCCI would have no control or influence over First American.

The Fed approval was based on an application that said of BCCI, "neither is it a lender, nor will it be, with respect to the acquisition by any of the investors" of shares in CCAH.

Sheik Kamal Adham, the controlling shareholder of CCAH, told The Post that some of the money he put into CCAH as capital was borrowed from BCCI through loans secured by his shares in CCAH.

The Feb. 3 article also detailed how BCCI executives participated in the hiring of three First American executives after 1982 and helped negotiate two important First American acquisitions.

The Fed was told last fall that the New York County district attorney's office had "developed evidence that, in fact, BCCI had a controlling interest in CCAH," according to Manhattan District Attorney Robert Morgenthau.

New York County prosecutors also obtained information about large loans from BCCI, which were secured by shares in CCAH.

Those loans, first discovered by the accounting firm of Price Waterhouse, are not paying interest, the prosecutors reported. "We told them that," Morgenthau said in an interview with The Post.

While this criminal investigation progressed, the ruling family of the United Arab Emirates, headed by Sheik Zayed al-Nahyan, acquired full control of BCCI.

Their attorneys, in recent discussions with the Fed, have acknowledged that BCCI owns a substantial portion of CCAH shares, sources said.

"We have gone to the Fed and indicated that the new owners have recently become aware of past actions of former management that may have created certain legal problems in the U.S.," said attorney Middleton Martin, who declined further comment.

(Mount Clipping in Space Below)

Fed May Force Sale Of First American

U.S. Probes Legality of Ownership Change

By Joël Glenn Brenner
and Jim McGee
Washington Post Staff Writers

The Federal Reserve Board may require the sale of First American Bankshares Inc., the largest bank holding company in Washington, if it finds that a controlling stake in the company was acquired illegally, sources said yesterday.

Federal Reserve officials are investigating reports that the Bank of Credit and Commerce International (BCCI), a foreign bank based in the Persian Gulf, owns at least 25 percent of the offshore parent of First American Bankshares, stock it obtained without the approval of state and federal banking regulators, according to informed sources. A 25 percent holding would give BCCI control of First American.

BCCI has been owned by the ruling family of the United Arab Emirates since last year. Upon taking control, they told Fed officials they discovered approximately \$1 billion in loans by BCCI that were backed by shares in First American's parent company, sources said. Shares controlled outright by BCCI reportedly gave it more than 25 percent control in First American's holding company, Credit and Commerce American Holdings, sources said.

Fed officials were assured nearly a decade ago by Washington attorney Clark M. Clifford that BCCI would not be involved in the ownership or control of First American.

Clifford took over as chairman of First American following Fed approval of the takeover of the bank company by Middle East investors. Banking regulators are concerned about a link between the two banks in part be-

cause BCCI is said to be suffering from heavy losses.

On Wednesday, the Fed made public an order barring any transactions between First American and BCCI, which last year was fined more than \$14 million after pleading

*Analysts said
numerous
institutions and
investors would
likely be interested
in buying First
American shares.*

guilty to money laundering charges. Some of the funds moved through a BCCI account at First American.

A Fed spokesman would not comment publicly on the investigation or a possible forced sale of First American stock. "If divestiture were required it would be done in an orderly way so as not to injure First American bank," said a senior Fed official.

Banking analysts said yesterday that numerous institutions and wealthy investors would likely be interested in buying shares in First American, which is the 51st-largest in the nation.

Although the market for bank mergers and acquisitions has cooled considerably during the past year as bankers' real estate woes have worsened, analysts said First American's attractive banking franchise could spark a hot bidding contest involving

See FIRST AMERICAN, B8, Col. 5

(Indicate page, name of newspaper, city and state.)

p. B-1
The Washington Post

Date:
Edition:

2/23/91

Title:

*"Fed May Force Sale
of First American"*

Character:
or

BF & E; FAG

Classification:

Submitting Office:

WMFO

Indexing:

(X)

ZGB-WF-171994-11

SEARCHED <i>su</i>	INDEXED <i>su</i>
SERIALIZED <i>su</i>	FILED <i>su</i>
MAR 14 1991	
FBI - WASH. METRO FIELD OFFICE	

1325015-000-4860

Federal Reserve Board Probes Ownership of First American

FIRST AMERICAN, From B1

sociates Inc. "If they needed to sell, it wouldn't be a problem."

The First American banks of Washington, Maryland and Virginia have combined assets of \$7 billion and a network of branches that stretches from Norfolk to Gaithersburg.

In addition to its local presence, First American operates banks in Tennessee, New York, Georgia and Florida. The company has assets of \$11 billion.

Although sources said divestiture of ownership is a likely outcome of

the Fed's investigation, a sale of shares in the bank company could be complicated by the legal questions surrounding First American's ownership.

Among the local banks that could bid for the company and solidify their positions in the Washington market are C&S/Sovran Corp., Crestar Financial Corp. and Signet Banking Corp.

Among the possible outside bidders for the company, analysts said, are NCNB Corp. of Charlotte, N.C.; First Wachovia Corp. of Winston-Salem, N.C.; and Banc One Corp. of Columbus, Ohio.

CLOSING

American

	Mar	Apr	May	Mar	Apr	May
AMR	40	s	s	20%	s	s
59%	45	r	r	r	r	r
59%	50	10 1/4	r	r	7 1/2	1 1/4
59%	55	5 1/4	r	r	7	1 1/4
59%	60	1 1/2	3 3/4	4	2 3/4	3 1/4
59%	65	1 1/2	1 1/2	1 1/2	5 1/2	r
ASA	35	s	s	s	s	5%
42 1/4	40	3	r	4 1/2	5 1/2	1 1/4
42 1/4	45	5%	1 1/2	2 1/2	4	4 1/2
42 1/4	50	5%	1 1/2	2 1/2	4	4 1/2
42 1/4	55	s	s	s	s	r
AST Rs	25	s	s	28 1/2	s	s
52 1/2	35	13 1/4	s	13 1/4	r	r
52 1/2	40	11 3/4	r	10 1/4	r	3 1/4
52 1/2	45	8 1/4	r	10 1/4	5%	r
52 1/2	50	4 1/2	5 1/2	6 1/2	2	2 3/4
Allwst	5	5	r	1 1/2	r	2 3/4
AFamily	17 1/2	6 1/2	s	6 1/2	r	r
23 1/2	22 1/2	r	r	2 3/4	r	r
23 1/2	25	1 1/2	7 1/2	1 1/4	1 3/4	1 3/4
Arkla	17 1/2	r	r	r	r	5%
19	20	r	r	r	r	r
Bally	5	s	s	s	1 1/4	1 1/2
50%	7 1/2	s	s	s	5%	2 1/2
C&SSov	20	r	r	r	1 1/4	1
20 1/2	22 1/2	r	r	1 1/2	1 1/2	1
CNA Fn	60	s	s	s	3 3/4	r
89	75	r	r	r	1 1/4	r
89	80	12	r	15 1/4	r	r
89	85	r	r	12	r	r
89	90	3 1/2	r	9	2 3/4	r
Cadenc	25	r	r	6 1/2	r	r
30	30	2 1/4	r	r	1 1/2	3 1/4
30	35	r	r	2	r	r
CaesrW	15	2 1/2	3	3 3/4	r	r
17 1/2	17 1/2	1 1/2	2	2	1 1/4	r
17 1/2	20	1 1/2	2	2	1	r

	Mar	Apr	May	Mar	Apr	May
47	45	3 3/4	5 1/2	6 1/4	1 1/4	r
47	50	1 1/2	2 1/2	3 1/2	3 1/4	r
47	55	3 1/2	1 1/4	2 1/2	r	r
Olin	45	3 1/2	r	r	1 1/4	r
47 3/4	50	1	2	2 1/4	3 1/2	r
OshK A	30	r	r	r	5%	r
31	35	1 1/4	r	r	r	r
Penney	40	r	r	r	r	5%
53 1/4	50	3 1/4	r	r	1 1/2	1 1/2
53 1/4	55	5%	r	2	r	r
PhilP	22 1/2	r	r	3 1/4	r	r
26 1/2	25	1 1/4	r	2 1/4	1 1/2	3 1/4
26 1/2	30	1 1/4	1 1/4	3%	r	3 1/2
Quantm	12 1/2	r	s	6 1/4	r	r
17 1/2	15	r	r	1 1/4	r	5%
17 1/2	17 1/2	1 1/2	r	2 3/4	3 1/4	1 1/2
17 1/2	20	1 1/4	1	1 1/2	r	r
Reuter	40	r	r	r	r	1 1/2
45 1/2	45	2 1/4	3 1/2	1 1/4	2 1/2	r
45 1/2	50	r	1 1/2	2 1/2	r	5
45 1/2	55	r	s	1	r	s
RoyDut	75	r	r	r	r	1 1/2
78 3/4	80	r	r	2 1/4	1 1/4	r
78 3/4	85	r	5%	r	r	r
SilGph	25	r	r	r	r	1 1/4
39 1/2	35	6	r	r	r	r
39 1/2	40	2 1/2	r	4 1/2	1 1/2	r
39 1/2	45	5%	1 1/2	2 1/4	r	r
Stanhm	40	7 1/2	2 1/2	r	1 1/4	r
Timplin	30	8 1/2	r	8 1/4	r	r
38 1/2	40	r	1 1/2	2 1/2	2 1/4	r
Tennco	40	r	s	8 1/4	r	r
48 1/4	45	r	r	5 1/2	r	5 1/2
48 1/4	50	1	r	12	r	3 1/4
48 1/4	55	5%	r	5%	r	r
Torchm	60	r	r	r	5 1/2	r
UnInV	85	r	r	r	r	1 1/2
89 1/2	90	r	3 1/2	r	r	2 1/2
Varian	40	1 1/4	r	r	r	2 1/4
Zenith	7 1/2	5%	r	3 1/4	r	r

	Mar	Apr	Jul	Mar	Apr	Jul
Dig Eq	50	s	26 1/2	r	r	r
76	55	r	21 1/4	r	r	3%
76	60	17 1/4	r	r	1 1/2	1
76	65	11 1/2	12 1/4	r	1 1/2	2 1/4
76	70	6 1/2	8 1/4	12 1/4	7 1/2	3 1/4
76	75	3 1/2	5%	9 1/4	2 1/2	4 5/8
76	80	1 1/2	3 1/2	6 1/4	5 1/2	6
Disney	80	s	r	s	s	s
12 1/2	85	s	r	s	s	1 1/4
12 1/2	90	r	r	r	1 1/2	7%
12 1/2	95	25 1/2	r	r	r	1 1/4
12 1/2	100	20 1/4	24 1/2	r	1 1/2	1
12 1/2	105	18 1/2	20 1/2	22 1/4	1 1/4	3 1/4
12 1/2	110	12 1/2	13 1/4	14 1/2	1 1/2	2 1/2
12 1/2	115	8 1/2	10 1/4	13 1/4	1 1/4	2 1/2
12 1/2	120	4 1/2	7	12 1/2	2 1/4	4 1/2
12 1/2	125	2 1/2	4 1/2	8 1/2	7 1/4	8 1/4
12 1/2	130	1	3	6 1/4	9 1/2	8 1/2
du Pnt	35	3 1/2	3 1/4	r	1 1/4	1 1/2
37 1/2	40	3 1/2	1 1/4	2 1/2	3 1/4	3 1/4
37 1/2	45	r	1 1/4	r	r	r
FHLM	60	r	12 1/2	r	r	r
71	65	7	8 1/4	r	r	3 1/4
71	70	3 1/2	5 1/2	r	2 1/2	1 1/2
71	75	1 1/2	2 1/4	5 1/2	r	r
FleelN	10	r	r	r	r	1 1/2
14%	15	1 1/4	3 1/2	r	r	r
GerbPd	60	r	r	4 1/4	1 1/2	r
60	65	r	7 1/2	r	r	r
Glenid	5	s	2 1/2	r	1 1/4	1 1/2
6 1/2	7 1/2	1 1/4	1 1/4	3 1/4	1 1/2	r
6 1/2	10	r	r	r	r	3 1/4
GldVly	15	r	r	r	r	2 1/2
Goodrv	15	s	5 1/2	r	r	r
20 1/2	17 1/2	2 1/2	3	4 1/2	1 1/2	1 1/2
20 1/2	20	1 1/2	1 1/2	2 1/2	1 1/2	1 1/2
20 1/2	22 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
20 1/2	25	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Graling	75	1 1/4	2 1/2	r	r	r
GLA&P	55	r	r	r	r	r

Chic

AlroFr	1	22 1/2	2
Amdahl	1	22 1/2	2
AEP	1	15 1/2	1
AlnGrp	1	90 1/2	1
Amoco	1	90 1/2	1
AMP	1	50 1/2	1
Baxler	1	48 1/2	1
B&K Dk	1	12 1/2	1
Boeing	1	47 1/4	1
Bols C	2	26 1/2	2
CBS	1	164 1/4	1
Cadenc	1	164 1/4	1
30	1	164 1/4	1

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

A-24
The New York TimesDate:
Edition:

3/6/91

Title:

"Congress Winks at a Bank Scandal"

Character:
or

BFE; FAG

Classification:

Submitting Office:

WMFO

Congress Winks at a Bank Scandal

The Federal Reserve Board has finally cracked down on the high-flying Bank of Credit and Commerce International. The bank, based in Luxembourg, has agreed to cut its ties to Washington, D.C.'s largest bank and cease U.S. operations. B.C.C.I. pleaded guilty last year to laundering millions in drug money for, among others, Panama's deposed leader, Manuel Noriega.

While the Fed's order should halt B.C.C.I.'s suspect American activities, it leaves a big mystery: How did this global renegade control a large American bank — First American Bankshares — without the knowledge or approval of Federal authorities? The question deserves far more attention than Congress has seen fit to give it.

B.C.C.I. was founded in 1972 by an ambitious Pakistani financier with capital from Arab investors and the Bank of America. It grew spectacularly, to \$20 billion in assets with more than 300 branches in dozens of countries.

U.S. regulators rejected its bid for two American banks in the mid-1970's, citing inadequate information. But in 1981 the Federal Reserve approved the sale of Washington's First American Bankshares to a group of Middle East investors who used B.C.C.I. loans to buy it.

Federal authorities were suspicious of the B.C.C.I. connection even then, but were assured by Clark Clifford, the prominent Washington lawyer and influential political adviser to Presidents, that there would be no link. Mr. Clifford, whose firm

represents B.C.C.I., became chairman of First American Bankshares after the takeover.

Subsequent re-examinations also failed to establish any tie, and both First American and Mr. Clifford still insist that B.C.C.I. has never exercised any control over the bank's management or operations. Since last year B.C.C.I. has been controlled by the ruling Sheik of Abu Dhabi, who put up \$1 billion to rescue it from financial difficulties that followed the money-laundering plea.

The matter has been brought to light in the past year by money-laundering investigations in Washington and New York, and by reporters for The Wall Street Journal and The Washington Post. A former Senate staff counsel took information to the Manhattan District Attorney, Robert Morgenthau, last fall when he couldn't arouse interest in Washington. Mr. Morgenthau started an investigation and alerted Washington, and the Fed recently referred its own findings to the Justice Department for possible criminal or civil prosecution.

This may only be a case of one foreign bank evading regulation, as Federal regulators say it is. But it may reveal a loophole for foreign banks that needs plugging. B.C.C.I.'s alleged control of First American Bankshares runs through a holding company in the Cayman Islands. At the least, Congress and the Federal Reserve itself should be asking how the linkage escaped detection for so long. Was it willful concealment, political clout or insufficient probing?

Answers aren't known yet, but it is time to ask. Congress has been singularly uninquisitive.

✓

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SEARCHED <i>su</i>	INDEXED <i>su</i>
SERIALIZED <i>su</i>	FILED <i>su</i>
MAR 14 1991	
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(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

A-1
*The Washington Post*Date: *3/5/91*
Edition:Title: *Foreign Bank Must Sell*
*1st American Stake*Character: *BF & E; FAG;*
or
Classification:
Submitting Office: *WMFO*

Indexing:

Foreign Bank Must Sell 1st American Stake

By Jim McGee
Washington Post Staff Writer

The Federal Reserve Board yesterday ordered foreign-based Bank of Credit and Commerce International (BCCI) to sell its hidden stake in the parent firm of First American Bankshares, ending a decade of speculation about whether BCCI was a secret owner of Washington's largest bank holding company.

The Fed's order gave BCCI 60 days to submit a written plan for

selling the stock, which the Fed would have to approve before any transfer could take place. The 10-page order provided no specific details about BCCI's holding, such as its size, when it was acquired and whether BCCI would have to sell the stock on the open market.

The order leaves in doubt who will ultimately end up owning First American's parent firm, which oversees a valuable franchise with \$11 billion in assets with eight subsidiaries in six states and the District. It is the na-

tion's 51st-largest bank holding company, with more than 190 branches in the Washington region alone.

Another part of the Fed's order, however, left no uncertainty. BCCI "voluntarily agreed" to shut down its U.S. operations, including two representative banks in New York and Los Angeles. This action leaves the worldwide banking giant, which has 400 branches in more than 68 countries and assets in excess of \$19 billion, with no U.S. outlet.

See BCCI, A6, Col. 2

ZBWF-171994 - 13

SEARCHED <i>su</i>	INDEXED <i>su</i>
SERIALIZED <i>su</i>	FILED <i>su</i>
MAR 14 1991	
FBI - WASH. METRO FIELD OFFICE	
1325015-000-4864	

Bank Must Sell Stake in 1st American

BCCI, From A1

Ordinarily, a divestiture order would spark a flurry of interest among potential bidders, but several bankers contacted yesterday suggested that the Fed's timetable may be too short to allow other banks to mount a bid for the BCCI stake.

"There's very little financial information available about First American and very little understanding of how many shares would ultimately be sold," said a banking consultant who has received several inquiries about the bank. "That makes it tough for anyone to think seriously about purchasing" the stock.

The Fed's order culminated several weeks of intense negotiations with BCCI and its new owner, Sheik Zayed bin Sultan al Nahayan, the ruler of Abu Dhabi. The negotiations began, sources said, after Zayed's attorneys told U.S. regulators that an audit had showed BCCI controlled a substantial percentage of the stock—an apparent violation of federal banking laws because the Fed had never approved any such acquisition.

To order BCCI to sell its stake in First American's parent firm, Credit and Commerce American Holdings (CCAH), the Fed had to be persuaded that BCCI owned at least 25 percent—the legal threshold for a controlling interest, Fed officials said.

The Fed believed for many years that CCAH was owned by several investors from Kuwait, Saudi Arabia and Abu Dhabi, who were longtime clients or shareholders of BCCI. In 1981, after a special hearing, the Fed allowed these investors to acquire First American after getting assurances that BCCI would have no control over the bank's management and operations.

At the time, the investors declared: "BCCI owns no shares of [CCAH] ei-

ther directly or indirectly, nor will it if the application is approved. Neither is it a lender, nor will it be with respect to the acquisition by any of the investors of . . . CCAH shares."

In a statement yesterday, First American said the bank had no knowledge of how BCCI acquired the stock and noted that the Fed order said nothing about the management of First American. "BCCI has not, directly or indirectly, ever controlled the actual management or operations of First American," the statement said.

In a statement last Friday, First American said: "If the Federal Reserve has been misled or misinformed in any respect regarding the stock ownership of First American . . . First American has been equally misled."

Manhattan District Attorney Robert Morgenthau, who is conducting a grand jury investigation into the matter said yesterday the Fed's order "means false representations, false filings were made to the Superintendent of Banks in New York," when state regulators approved the 1981 takeover of the holding company.

The divestiture order represents a major reversal for BCCI, which has been floundering since it pleaded guilty last year to money-laundering charges and began suffering major loan losses.

BCCI Chief Executive Officer Zafar Iqbal signed the "cease and desist" order yesterday in Abu Dhabi. The order said that BCCI does not admit to any allegation "made or implied" in the document.

BCCI's audit revealed that BCCI had made several loans to CCAH stockholders, who in turn secured the loans with the CCAH stock. The loans became nonperforming, meaning no payments were being made, leaving

BCCI with effective control of the stock. Auditors found that the loans were hidden from BCCI's board of directors, according to sources familiar with the audit.

BCCI could, in its written plan, suggest that it sell the CCAH shares to Zayed, a longtime shareholder in both BCCI and CCAH. Zayed could pay off the loans and thus redeem the stock, leaving him in control of CCAH.

But it is unclear if the Fed would approve such a plan. According to one Fed official, Zayed would face questions because of his longtime association with BCCI. If the Fed objected to his ownership, said the official, a more traditional sale would then be likely.

"There is nothing on the table yet," said the official. "The plan could call for transfer to Sheik Zayed, or an outright sale to a third party."

The controversy over First American's ownership, long dormant, became public again recently after a Feb. 3 article in *The Washington Post*. The article, based on a nine-month inquiry, said that BCCI had had an extensive, long-term involvement in the affairs of First American that was contrary to what bank regulators had originally approved. BCCI participated in the hiring of three key First American executives, helped negotiate two important First American acquisitions and helped finance First American's dramatic expansion.

First American's chairman, Clark Clifford, and its president, Robert Altman, said in interviews with *The Post* that they had full control of the bank and that BCCI had no ownership, control or influence. They said they had no knowledge of any financial dealings between BCCI and the CCAH shareholders.

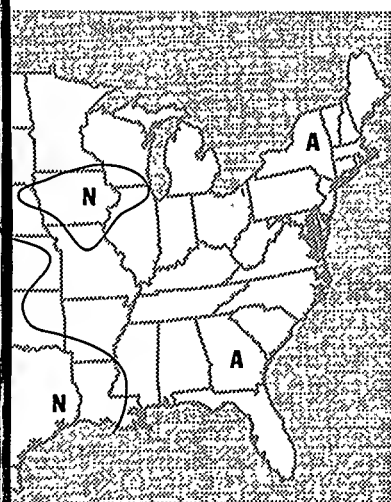
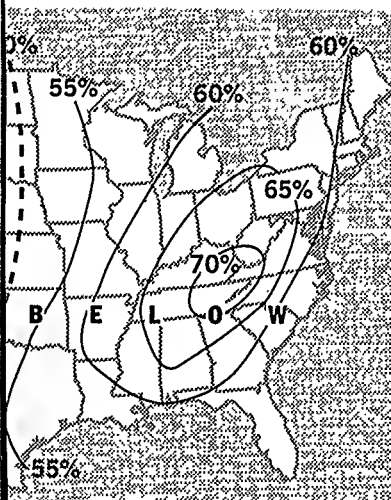
Staff writer Joël Glenn Brenner contributed to this report.

1325015-000-48

VS. REALITY

SQUED LAST NOVEMBER

that temperatures would be above



her Service.

THE WASHINGTON POST

This would bring warm Pacific air northward into the western United States and into Canada. Then it would carry frigid arctic air down from Canada to the eastern United States. Or at least that was the idea.

"We called the oceanographers

Sudafed Poisoning Probe

Investigators Suspect Capsule Tampering Conf

By Malcolm Gladwell
Washington Post Staff Writer

Federal officials probing the cyanide contamination of "Sudafed 12-Hour" capsules reported progress yesterday in investigating how at least five packages of the decongestant sold in the Seattle area came to be spiked with poison.

Investigators say they now believe that the tampering—which has so far resulted in two deaths, one serious illness and a continuing nationwide recall of the product—was specifically amateurish that upon close examination, a contaminated package would be obviously suspect. They also said that the crime appeared to have been facilitated by the failure of anti-tampering precautions taken by the product's manufacturer to alert retailers and consumers.

These conclusions are based on analysis in the past two days of close to 10,000 Sudafed 12-Hour packages sold around the country, as well as close scrutiny of the fourth contaminated Sudafed package discovered in Tacoma. A fifth contaminated package was discovered yesterday afternoon by another Tacoma woman.

Sudafed 12-Hour capsules are supposed to be protected by four tamper-resistant features. The two-part plastic capsules containing the drug are sealed with a band intended to make it obvious if the capsule has been opened.

The capsules are then encased in a "blister pack," consisting of a clear plastic bubble with a tinfoil backing. The end of the cardboard box is also sealed with a safety tab, which would be broken if the package had been

blister packs into different boxes at a later point, possibly even in the stores where they were later sold. Investigators said it is unclear how a capsule could have been removed and then reinserted into a blister pack without damaging it in an obvious way.

The matching serial numbers are the principal reason that investigators believe, for the time being, that the crime was local to the Seattle area. The common number indicated a manufacturing lot that was sent only to stores in the region.

Upon examination of Sudafed 12-Hour capsules boxes from around the nation yesterday, FDA investigators also discovered how the perpetrator may have slipped contaminated blister packs into new boxes. The safety tabs that are supposed to seal the box tops are not always intact.

"In some stores where we looked, the tab had already been broken from jostling and handling," said an FDA official. "Someone might have slipped them into boxes where the tab was already broken."

The fourth Sudafed box handed over to FBI officials Sunday night also yielded important clues. Unlike

University of Virginia
Division of Continuing Education

New Product and Venture

April 10-11, 199

Washington, DC

Memorandum



To : SAC, WMFO (29B-WF-171994)

Date 3/5/91

From :

SA [redacted]

Subject: CLARK M. CLIFFORD;
Et Al;
BF&E;
FAG;
OO:WMFO

b6
b7C

On 2/28/91 I met with Assistant United States Attorney (AUSA) [redacted] Washington, D.C., and D.O.J. Fraud Section [redacted] telephone [redacted] concerning the captioned matter. [redacted] has been assigned by D.O.J. to the USAO, WDC, to assist AUSA [redacted] in the investigation and possible prosecution of the captioned matter. The purpose for this meeting was to discuss possible violations and avenues of investigation with regard to this case.

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b7C

Administratively, any prosecution of this matter would be brought through the U.S. Attorney's Office, WDC. There apparently are other districts which have an investigative interest in the Bank of Credit and Commerce International (BCCI), those being the Southern District of New York, the Middle District of Florida and the Southern District of Florida. That being the case, D.O.J. will act as a coordinator and facilitator of the investigations in the various districts. Toward that end, a meeting is scheduled for 3/14/91, at which representatives from the USAOs, WDC, SDNY, MDF and SDF will meet with D.O.J. Fraud Section Chief, [redacted]

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In addition to the initial indications that false statement violations occurred with regard to the ownership of Credit and Commerce American Holdings, N.V. (CAHA), by BCCI, [redacted] believe that a "thorough look" at the filings and what lies behind them will reveal other violations. Specifically, [redacted] suggested there are possible violations of Title 12, USC Section 3100, which proscribes foreign bank participation in the United States; bank fraud violations associated with any possible loans from First American Bank to BCCI or any related entities; Title 31, USC Section 5314, the Bank Secrecy Act, which requires the reporting of cash transactions exceeding \$10,000 and any relationships between U.S.

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(2) - WMFO
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and foreign banks; federal regulations "T" or "U", which prohibits the borrowing of all or a majority of the money necessary to buy a bank.

Possible sources of information for this investigation were listed as the New York County District Attorney; The Federal Reserve Board; The Bank of England; Price Waterhouse; BCCI.

It was agreed that the first two steps to be taken in this investigation were a commencement of the review of any documents available at the Federal Reserve Board, to be conducted by [redacted] and myself, and an appointment with Federal Reserve Board [redacted] (which has been set for 1:30 PM on 3/13/91), to be attended by AUSA [redacted] [redacted] and myself.

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The following investigation was conducted by
Investigative Assistant (IA) [redacted] at San Diego,
California, on July 28, 1992:

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Pacific Bell Telephone Company (PacBell) advised [redacted]
that subscriber information on telephone numbers [redacted] and
[redacted] was non-published. No further information was
obtained.

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29B-WF-171994-15

1325015-000-4873

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

B-10
The Washington PostDate:
Edition:

2/28/91

Title:

"First American Official
Offers Ownership Change Plan"

Character:

or

BF 3E

Classification:

Submitting Office:

WMFO

Indexing:

X

[Signature]



SHEIKH ZAYED AL-NAHYAN
... could gain controlling interest

By Joël Glenn Brenner
and Jim McGee
Washington Post Staff Writers

As the Federal Reserve Board kept a tight lid on how it would force a change of ownership of First American Bankshares Inc., the largest bank holding company based in Washington, one top First American official said yesterday that he could foresee a way for the ownership to change without putting First American on the market.

The Federal Reserve is expected to require the Bank of Credit and Commerce International (BCCI), a foreign bank based in the Persian Gulf, to divest itself of at least a 25 percent stake in the parent firm of First American, according to sources. The Fed has been investigating reports that BCCI obtained that stock, which gave BCCI control of First American, in vio-

lation of state and federal banking laws, sources said.

C. Jackson Ritchie Jr., chairman and chief executive of First American Bank of Washington, said yesterday if the Fed finds BCCI controls First American and forces it to divest its holding, "that does not mean this bank company will be sold." Ritchie said he did not know whether BCCI owns the stock, which he had thought was in the hands of individual investors from the Middle East.

Ritchie predicted that BCCI's controlling interest in First American would be transferred to an individual investor, perhaps Sheikh Zayed al-Nahyan, the ruler of Abu Dhabi, who acquired control of BCCI last year. Zayed owns an 11.76 percent stake in First American's parent, according to the most available federal records.

Such a change would require ap-

proval from the Fed, which oversees bank holding companies such as First American. The company has \$11 billion in assets and ranks as the 51st-largest bank company in the nation.

"This is the most logical outcome, given the circumstances," said Ritchie, who announced last week that he was leaving First American after more than 20 years. "There's no way that this bank company will be sold. ... This is the clearest possibility."

Fed officials declined to comment on Ritchie's prediction, cautioning that negotiations over the future of First American have not been completed and that Ritchie's scenario is one of several possible outcomes. Last week, the Fed allowed Zayed to increase his stake in First American by putting \$81 million in new capital into the bank company.

See FIRST AMERICAN, B14, Col. 1

29B-WF-171994-15

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[Signature]

First American Official Offers Proposal to Change Ownership

FIRST AMERICAN, From B10

Zayed is cooperating with Federal Reserve officials to resolve the ownership question, sources said, and his representatives have acknowledged to the Fed that BCCI owns a controlling interest in First American. BCCI is the world's fifth-largest private bank and has come under scrutiny in recent years after pleading guilty to U.S. money-laundering charges.

A senior Fed official said last week that "if divestiture were required, it would be done in an orderly way so as not to injure First American Bank."

According to sources, BCCI effectively controls First American's parent firm because it holds at least 25 percent of the shares as collateral for numerous loans that are nonperforming, or no longer paying interest. If Zayed repaid those loans on behalf of the borrowers, then he would acquire control of the collateral, in this case the stake in First American.

Ritchie emphasized yesterday that the ownership question does not have any impact on First American's financial condition, saying, "This is a technical matter that should not, in any way, concern First American depositors."

Although the bank company lost a record \$182.5 million in 1990 because

of the deteriorating commercial real estate market in the Washington area, Ritchie said the bank's overall health is sound. Depositors of First American Bank are protected by federal deposit insurance up to \$100,000 per customer account.

First American's most recent financial reports show it meets all regulatory requirements for capital, the financial cushion that protects a bank from losses, and is very "liquid," meaning it has assets on hand that can be readily converted into cash to meet depositor demands. A plan to improve liquidity was initiated 15 months ago, Ritchie said, and records show First American has nearly \$2 billion in readily convertible assets.

Publicity surrounding First American's ownership has caused "a minimal" withdrawal of deposits, Ritchie said.

Following recent losses, First American projects a break-even year at best in 1991, Ritchie said. The bank company expects troubled real estate loans to continue to hurt earnings, but it is "doing everything it can to avoid future losses," he said, including laying off about 300 employees in the Washington area and restructuring the local banks to reduce operating expenses by more than \$18 million in 1991.

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1

The following investigation was conducted by Special Agent (SA) [redacted] at San Diego, California, on September 2, 1992:

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Officer [redacted] Postal Police telephone number [redacted] confirmed [redacted] was currently receiving mail at [redacted] San Diego, California, 92105.

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29B-WF-171994-116
1325015-000-4877

(Mount Clipping in Space Below)

Bank of Credit and Commerce Is Probed by Manhattan D.A.

By Jim McGee
Washington Post Staff Writer

The foreign-based Bank of Credit and Commerce International (BCCI), already facing allegations that it secretly owns a controlling interest in Washington-based First American Bankshares, is also under investigation for filing annual financial statements that do not appear to account for \$3 billion in troubled loans made during the 1980s.

"We're investigating to determine whether false and fraudulent financial statements were filed with the superintendent of banking in New York," said Manhattan District Attorney Robert Morgenthau. "We have allegations to the effect that the financial statements don't accurately reflect the true condition of" BCCI.

Auditors in London discovered the unautho-

rized loans last year as they sifted through BCCI's books on behalf of BCCI's new owners, the kingdom of the United Arab Emirates and its ruler, Sheik Zayed al-Nahyan. The transactions include loans to BCCI insiders and associates of BCCI's executives that were not disclosed to BCCI's board of directors or its accounting firm, Price Waterhouse, according to sources with knowledge of the auditing.

The transactions broke down into two major categories, the sources said. The auditors found large unsecured loans with inadequate documentation to support them; they also found hundreds of millions of dollars in nonperforming loans—loans that are not earning interest—secured by shares in Credit and Commerce American Holdings (CAAH), the parent corporation of First American Bankshares.

See BCCI, G2, Col. 3

(Indicate page, name of newspaper, city and state.)

p. G-1
The Washington Post

Date: 2/27/91
Edition:

Title: "Bank of Credit & Commerce
is Probed by Manhattan D.A."

Character: BF 3E
or
Classification:
Submitting Office: WMFO

Indexing:




29B-WF-171994-16

SEARCHED	INDEXED
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FBI - WASH. METRO FIELD OFFICE	

1325015-000-4878

N.Y. Official Investigates BCCI Loans

BCCI, From G1

BCCI's new owners eventually told U.S. banking regulators of the discovery, acknowledging in effect that it has a controlling interest in First American Bankshares, according to sources familiar with the discussions.

That admission is a major turn-about. Since 1981, when the U.S. banking regulators allowed a group of Middle Eastern investors to take over First American, First American has maintained that BCCI has no control over it.

Under federal law, it is illegal for any foreign bank to acquire such control without the formal approval of the Federal Reserve Board. Informed sources now say that the Fed is preparing to issue a cease and desist order that requires BCCI to sell its ownership of CCAH shares. "They will not own the bank anymore," said one senior official.

It is not precisely clear what total amount of nonperforming loans is secured by CCAH shares; estimates range from \$700 million to well over \$1 billion. "We've got to see where the investigation takes us," said one source who is familiar with the current inquiries. "At this stage we don't know."

For bank regulators and criminal investigators, this disclosure sets off a kind of ripple effect: If the BCCI financial statements do not appropriately account for several billion dollars worth of transactions, then BCCI's past financial statements become suspect.

The world banking system relies on financial statements or annual reports, as do various bank regulators such as the Fed or the New York state banking department, which allows BCCI to operate a large business office in the Manhattan financial district.

BCCI's attorneys declined to comment about the new allegations.

The discoveries also raise questions about whether BCCI complied with a 1990 plea bargain agreement reached after BCCI pled guilty in Tampa to federal money laundering charges that arose out of an earlier and separate investigation. Under that agreement, BCCI repeated a pledge to comply with a Federal Reserve consent de-

cree that banned it from filing "false, incomplete, inaccurate or misleading information to the Board of Governors, to any Federal Reserve bank or to any federal or state regulatory authority."

The current inquiries are running along two tracks, criminal and civil. New York prosecutors are conducting extensive investigations of BCCI, and the Justice Department is considering a criminal referral by the Fed.

Meanwhile, the Fed is seeking to resolve the ownership of First American's holding company and has already made public an order barring further transactions between the two banks and requiring that First American cooperate with the various investigations.

The Fed also is concerned about the financial health of First American, which recently reported a record \$182 million in losses in 1990, partly because of the declining real estate market and other problems. Sheik Zayed recently agreed to put \$80 million in additional capital into First American, which is the 51st-largest bank holding company in the United States with \$11 billion in assets and eight subsidiaries in six states and the District.

American bank regulators are closely monitoring the various BCCI inquiries, but a greater regulatory burden lies with the Bank of England. Until recently, BCCI had its world headquarters in London and operated dozens of branches in Great Britain. BCCI was not supervised on a consolidated basis by a single central bank, but it was overseen by a committee of regulators from several countries, including England.

After discovering the unusual transactions at BCCI during the early months of Zayed's ownership, "The Bank of England and Price Waterhouse came to them [in Abu Dhabi] and said there are problem loans" that left BCCI "seriously undercapitalized," according to an informed source. Since that time, Zayed has put \$1.2 billion into BCCI.

As lawyers on three continents wrestle with the fallout of BCCI's problems, various sources cautioned that it remains unclear just how deep a financial hole BCCI has fallen into, or how much more capital will be needed. They caution that the Abu Dhabi government effectively guaranteed BCCI.

It is possible, say the sources, that Zayed may be asked to put as much as an additional \$2 billion into BCCI after the current inquiries are completed. He also is a potential buyer of the CCAH shares if the Fed requires that the shares be sold, pending Fed approval.

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BY PETER ALSBERG—THE WASHINGTON POST

animal skin so it can be tanned into leather. But with slight modifications it can be combined with other chemicals to make a nerve gas. Similarly, a broad spectrum of organophosphorus compounds, used normally to make fertilizers, can also become precursors to chemical weapons.

The administration is acting unilaterally under a number of U.S. export-control laws, but a draft of the restrictions says that the United States will try to get other industrialized nations to

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UNDER ONE ROOF?



FINANCIAL NEWS NETWORK

CONSUMER NEWS AND BUSINESS CHANNEL

Year founded	1981	1989
Number of cable systems carrying	3,500	1,000
Subscribers	35 million	18 million
1990 revenue	\$52.6 million	NA

SOURCE: Company reports.

THE WASHINGTON POST

In a letter to FNN's board of directors yesterday, Dow Jones and Westinghouse said they were "extremely disturbed" by FNN's "unilateral suspension" of sale talks. Peter G. Skinner, senior vice president of Dow Jones, said in a statement, "We are prepared to discuss revising our proposal, but so far FNN has refused to allow us to do so." Skinner did not specify how high the joint venture was willing to go.

Westinghouse and Dow Jones, publisher of the Wall Street Journal and the business news weekly Barron's, reportedly bid \$90 million for FNN, a price that includes about \$20 million worth of broadcasting equipment. CNBC's \$105 million offer does not include the equipment, according to Tessler.

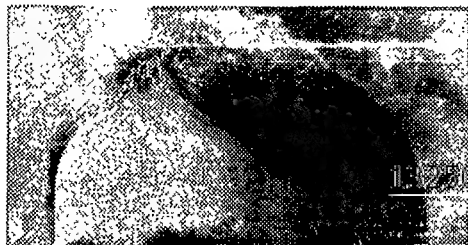
Despite FNN's agreement with CNBC, Tessler acknowledged that Dow Jones and Westinghouse may still have another shot at buying the cable service. FNN is expected to file for bankruptcy court protection within the next two weeks in order to reorganize its battered finances, and bankruptcy law provides for higher offers, he said.

FNN operates the nation's largest financial-news network, reaching 35 million cable TV households with around-the-clock newscasts and sports coverage.

CNBC, which was started by GE and its NBC television subsidiary in 1989 to compete directly with FNN, is carried in 18 million households.

Tom Rogers, president of NBC's
See FNN, G10, Col. 1

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BT

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CITE: //3920//

PASS: CID, KCCS, ECU,

SUBJECT: CLARK M. CLIFFORD; [REDACTED]

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[REDACTED]
[REDACTED]
[REDACTED] CREDIT AND COMMERCE AMERICAN

HOLDINGS, N.V., NETHERLANDS, ANTILLES; BF&E; FAG; OO:WMFO.

CAPTIONED MATTER INITIATED 2/7/91 BY THIS OFFICE IN
RESPONSE TO A CRIMINAL REFERRAL FORM RECEIVED FROM BOARD OF
GOVERNORS OF THE FEDERAL RESERVE SYSTEMS (THE FED),
WASHINGTON, D.C. (WDC), ALLEGING FALSE STATEMENTS BY CAPTIONED

29B-WF-171994-17

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1325015-000-4881

SUBJECTS WITH REGARD TO OWNERSHIP AND CONTROL OF CREDIT AND
COMMERCE AMERICAN HOLDINGS, N.V. (CAH), NETHERLANDS,
ANTILLES. AMONG THE HOLDINGS OF CAH IS FIRST AMERICAN
BANKSHARES (FABS), WHICH OWNS, AMONG OTHERS, FIRST AMERICAN
BANK, WDC. THE CENTRAL ALLEGATION IS THAT SUBJECTS [REDACTED]

[REDACTED] WERE MERELY [REDACTED] BANK OF

CREDIT AND COMMERCE INTERNATIONAL (CCI) IN 1982 WHEN THEY, AS
MAJORITY STOCKHOLDERS IN CAH, [REDACTED]
IN FABS' PREDECESSOR, FINANCIAL GENERAL BANKSHARES (FGB).

[REDACTED] CAH WAS ESTABLISHED USING LOANS FROM CCI;
LOANS WHICH ATTORNEYS FOR CURRENT OWNERSHIP OF CCI HAVE
ADMITTED TO THE FED WERE NON-PERFORMING AND WHICH WERE
COLLATERALIZED BY THE CAH SHARES.

IN SWORN FILINGS AND TESTIMONY TO THE FED BEGINNING IN
1978, REGARDING THE EFFORTS OF CAH TO PURCHASE FGB, CLARK M.
CLIFFORD (NOTED WDC ATTORNEY, WHO SERVED AS ADVISOR TO
PRESIDENTS TRUMAN, KENNEDY, JOHNSON AND CARTER, AND AS
SECRETARY OF DEFENSE FOR ONE YEAR IN THE JOHNSON
ADMINISTRATION) AND [REDACTED] (CLIFFORD'S [REDACTED]),
SAID THAT THE INDEPENDENT WEALTH OF THE FOUR ARAB INVESTORS,
AND NONE OF CCI'S, WOULD BE USED TO PURCHASE FGB SHARES.

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SUBSEQUENTLY, CLIFFORD, [REDACTED] AND THE OTHER SUBJECTS HAVE SERVED AS [REDACTED] OF CCAH AND FABS, RENEWING ON A YEARLY BASIS THEIR CLAIMS TO THE FED THAT BCCI HAD NO OWNERSHIP INTEREST AND EXERCISES NO CONTROL OVER CCAH.

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KNOWLEDGE OF THE FALSE STATEMENTS CAME TO LIGHT AFTER THE 4/90 MONEY-LAUNDERING CONVICTION OF BCCI IN THE MIDDLE DISTRICT OF FLORIDA. SHEIK ZAYED BIN SALTAN AL-NAHAYAN, THE RULER OF ABU DHABI AND LONGTIME INVESTOR IN BCCI, SUBSEQUENTLY ACQUIRED CONTROL OF BCCI AND ORDERED AN AUDIT. ACCORDING TO THE FED, THE AUDIT, APPARENTLY DONE BY PRICE WATERHOUSE, DISCLOSED NON-PERFORMING, BCCI LOANS TO THE FOUR ARAB "INVESTORS" FOR THE PURPOSE OF PURCHASING CCAH AND FABS SHARES, AND SIMILAR NON-PERFORMING LOANS TO CLIFFORD AND

[REDACTED] USED IN 1986 TO PURCHASE THEIR OWN SHARES IN CCAH, WHICH THEY HELD UNTIL ABOUT 3/88, AND FROM THE SALE OF WHICH CLIFFORD NETTED ABOUT \$6 MILLION AND [REDACTED] \$3 MILLION-- APPROXIMATELY THREE TIMES WHAT EACH HAD PAID FOR HIS SHARES. ACCORDING TO THE FED, THE TERMS OF CLIFFORD'S AND [REDACTED] LOANS WERE MOST FAVORABLE; ALTHOUGH EACH WAS REQUIRED TO SIGN A PROMISSORY NOTE AND AN ASSIGNMENT OF COLLATERAL--THE CCAH

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SHARES--EACH WAS GIVEN A "SIDE LETTER" SAYING THAT NEITHER WAS REQUIRED TO PAY PRINCIPAL OR INTEREST, THAT EACH WAS GUARANTEED A BUYER SHOULD EITHER CHOOSE TO SELL HIS SHARES, AND THAT EACH WAS GUARANTEED A MINIMUM OF WHAT HE HAD PAID FOR THE SHARES, AND WAS ENTITLED TO ANY PROFIT, IN 1990, BY FORECLOSURE ON THE COLLATERAL--ALL OF THE PLEDGED CCAH SHARES--BCCI OPENLY BECAME OWNER OF MORE THAN 50% OF CCAH; A VIOLATION OF TITLE 12, U.S.C., SECTION 1847--THE BANK HOLDING ACT.

ON 3/8/91, DOJ FRAUD SECTION CHIEF [REDACTED] CONVENED A MEETING IN WDC OF REPRESENTATIVES FROM U.S. ATTORNEY'S OFFICES IN WDC, SOUTHERN DISTRICT OF NEW YORK AND THE MIDDLE AND SOUTHERN DISTRICTS OF FLORIDA TO DISCUSS AND COORDINATE THE PROSECUTIVE INTERESTS OF EACH WITH REGARD TO BCCI. THE WDC REPRESENTATIVE REPORTED TO THIS OFFICE THAT AUSA [REDACTED], SDF, MIAMI, FLORIDA, TELEPHONE NUMBER [REDACTED] HAS BEEN CONTACTED BY ONE [REDACTED] DESCRIBED ONLY AS [REDACTED] CLARK CLIFFORD. [REDACTED] CLAIMS TO BE IN POSSESSION OF, AND ANXIOUS TO GIVE TO THE GOVERNMENT, AT LEAST ONE BOX OF DOCUMENTS WHICH ALLEGEDLY BELONGED TO CLIFFORD. SUPPOSEDLY, [REDACTED] HAS ALSO

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SAID THAT THE TRANSFER MUST OCCUR "SOON" OR HE WILL SELL THE DOCUMENTS TO THE HIGHEST BIDDER. THE AUSA, WDC, HAS REQUESTED THAT AN EFFORT BE MADE TO CONTACT [REDACTED] TAKE CUSTODY OF THE DOCUMENTS AND INTERVIEW HIM.

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LEADS. MIAMI; AT MIAMI, FLORIDA.

WILL CONTACT AUSA [REDACTED] TELEPHONE NUMBER [REDACTED]

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[REDACTED] AND ASCERTAIN THE WHEREABOUTS OF [REDACTED]

LOCATE AND INTERVIEW [REDACTED] ABOUT THE DOCUMENTS AND WHAT HE KNOWS OF THEIR SOURCE(S) AND IMPORTANCE, ALSO ABOUT ANY RELEVANT INFORMATION HE MAY HAVE ACQUIRED DURING THE COURSE OF HIS

EMPLOYMENT. AFTER TAKING CUSTODY OF THE DOCUMENTS, IMMEDIATELY FORWARD THEM TO WMFO, AND SUTEL RESULTS OF INTERVIEW, FOLLOWED BY FD-302'S.

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#0025

NNNN

Memorandum



To : WF

Date 5-10-95

From : SD

Subject: 219B-WF-12994
(Title)

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Hidden Interests
Major Case #38
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NOTE: DO NOT BLOCK STAMP ORIGINAL ENCLOSURES.

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

TIME MAGAZINE

Date: 3/4/91
Edition:

Title: "A Capital Scandal"

Character: BF 1/2 E ; FAG
or


Classification:
Submitting Office: WMFO

Indexing:



See attached

29B-WF-171994-18

See Su


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A Capital Scandal

The biggest bank in Washington and a legendary American political adviser are ensnared in a probe involving a shadowy money-laundering enterprise

By JONATHAN BEATY and S.C. GWYNNE
WASHINGTON

Could there be any doubt about this bank's nationality? From its name to its flag-waving ads to its slogan—"The Bank for All Americans"—First American Bank of Washington, seems practically like a branch of government. Its chairman and public face is one of America's most respected attorneys and political advisers, Clark Clifford. But what's behind that carefully cultivated image looks decidedly different.

Investigators have evidence that First American, the largest bank in the Washington area (1990 assets: \$11 billion), has for years been secretly controlled by a criminally tainted, money-laundering, Luxembourg-based global bank. That evidence last week prompted the Federal Reserve to interdict all transfer of money and assets between the two banks. The regulators asked the Justice Department, which has appeared reluctant to pursue allegations, to begin a criminal and civil investi-

gation. The Fed was responding to pressure generated by Manhattan district attorney Robert Morgenthau, who is presenting evidence of fraud, money laundering and disguised ownership to a New York City grand jury. Morgenthau has formally told the Fed his office has evidence that First American is under secret control.

First American's alleged parent is one that few people would be proud to claim: the Bank of Credit & Commerce International, convicted of violations in three countries and well known in global finance circles as a banker to Manuel Noriega and Colombian drug lords. The question that won't go away: How could an outfit like B.C.C.I. control a large U.S. bank without regulators knowing or doing anything about it?

Investigations in Washington, New York City and Florida are probing deeper into the bizarre affair and uncovering evidence of startling regulatory inaction, if not political chicanery. Clifford, 84, says he and his law partner Robert Altman, president of the bank, "have run First American for long years at the highest ethical level,

and we are proud of our stewardship." But he acknowledged to TIME that he has retained a criminal-defense attorney to represent him in connection with the matter.

The scandal's most immediate repercussions affect First American, which had trouble enough already. Staggered by the avalanche of distressed real estate loans that has flattened banks across the country, First American lost \$182.5 million in 1990, its first red ink ever. The deficit last week led to the resignation of C. Jackson Ritchie, the company's chief executive, and the layoff of nearly 100 of the bank's 6,000 employees. Regulators were worried that First American's secret parent, itself in financial trouble, would start siphoning off funds that would deepen the loss and conceivably fatten the bill to U.S. taxpayers should First American have to be bailed out. To guard against that, the Federal Reserve Board last week ordered First American not to transfer any funds, including management fees, to B.C.C.I., or to exchange any assets with it. Says an investigator involved in the bank probe: "They have been engaged in every-

A MYSTERIOUS COMPANY'S GROWING INTERESTS



Agha Hasan Abedi

1972

Declaring his intention to form the Third World's first multinational bank, Pakistani financier Agha Hasan Abedi organizes the Bank of Credit & Commerce International. Bank of America puts up \$2.5 million, or 25%, of the bank's capital. Arab investors provide the rest of the money.

1975-76

U.S. regulators reject a B.C.C.I. bid for two New York banks when Abedi fails to disclose requested details about his company.



Ghaith R. Pharaon



Bert Lance

1977

Abedi helps Saudi billionaire Ghaith R. Pharaon begin his acquisition of the National Bank of Georgia from Bert Lance, Jimmy Carter's former budget director.

1978

B.C.C.I. orchestrates a hostile bid for Financial General Bankshares of Washington. When the SEC seeks to block the bid, B.C.C.I. hires Clark Clifford to help.



Clark Clifford

1980

Financial General agrees to sell to a group of Middle East investors, the same investors who own B.C.C.I. Regulators, uneasy with the arrangement, hesitate to approve the deal.

thing they are now forbidden to do."

Suspicion that B.C.C.I. secretly controls First American goes back 10 years, when a group of Arab investors bought the Washington bank, then known as First General. Those same investors also happened to own controlling shares in B.C.C.I., a behemoth that has \$20 billion in assets and some 350 branches in 70 countries. Bothered by the connection, regulators insisted on iron guarantees that B.C.C.I. would not run First American.

The link that investigators are now talking about is far stronger—and comprehensible enough to anyone who has ever had a mortgage. They say B.C.C.I. lent the investors the money they used to buy stock in First American, with the shares pledged as collateral, just as a mortgage holder pledges his home as collateral. Investigators say those loans are "nonperforming"—the bankers' term that means they aren't being repaid. Everyone knows what happens in that case: the bank gets the collateral, in this case the controlling shares in First American. And presto, an unregulated foreign organization takes over an American bank without U.S. regulators knowing about it.

It is hard to imagine more unlikely partners than the blue-blooded Clifford and Agha Hasan Abedi, the hard-driving, visionary founder of B.C.C.I. While Clifford was counseling President Truman in 1947, Abedi was shifting his young career in banking from India to Pakistan. In 1959 he founded his own successful bank there, and by the early 1970s he was aggressively courting Arab money. Abedi lavished special attention on Sheikh Zayed bin Sultan al-Nahayan, who now heads Abu Dhabi's ruling family. Abedi ingratiated himself with

the sheik, who was suspicious of bankers, by roughing it in tents and aboard camels to join him on falconing expeditions.

When Pakistan began to nationalize industries in 1972, Abedi persuaded Zayed to help start B.C.C.I., which was registered in the unregulated tax havens of Luxembourg and the Netherlands Antilles. The new bank had staggering ambitions. Abedi has grandly proclaimed it "a new center for Third World cohesion and a rallying point of thoughts and aspirations of the underprivileged." That grand vision helped attract California-based Bank of America, which put up \$2.5 million, or 25% of B.C.C.I.'s original capital, before selling its stake and pulling out in 1980. Abedi continued to woo wealthy Arabs, who became B.C.C.I.'s principal shareholders and first big customers.

Rival bankers were long suspicious of the flamboyant B.C.C.I. "You had a \$20 billion bank with no central-bank regulator or government lender of last resort," said a U.S. financier. "That gave most bankers a very nervous feeling about B.C.C.I. Who's watching these guys?" In fact, B.C.C.I. seemed far less interested in lending money than in earning fees by electronically whisking deposits through its growing network of global branches. B.C.C.I.'s willingness to transfer funds anywhere at any time was basic corporate policy, and the bank became a primary mover of flight capital from Third World nations. A high-ranking B.C.C.I. officer told investigators that moving money for 2,000 wealthy clients, from dictators to arms dealers, formed the core of the bank's business.

Abedi, who left B.C.C.I. last year after a

stroke that followed a 1988 heart transplant, built his business on careful attention to the needs of top-drawer customers. In the bank's early days, B.C.C.I. officials in London could be roused in the middle of the night to make good on visiting sheiks' gambling losses. Abedi cultivated the friendship of former Pakistani President Mohammed Zia ul-Haq and other Third World leaders. "He was a collector of people," says a Pakistani journalist who has followed Abedi. "He used Zia as a calling card."

To attract deposits, B.C.C.I. opened magnificent offices even in poor surroundings. No matter how incongruous, the facilities were lavishly decorated with Persian rugs and sumptuous paintings. "Walk down the main street in Djibouti," says a Western banker, "and you'll see a building with a marble façade. That's B.C.C.I. On the two buildings on either side, the plaster will be breaking and falling."

What Abedi coveted most was the prestige of a bank in the U.S., the nerve center of Western capitalism. After regulators rejected two B.C.C.I. bids for American banks in the 1970s—Abedi wouldn't reveal all the information they wanted—he helped Saudi billionaire Ghaith R. Pharaon acquire the National Bank of Georgia in 1978 from Bert Lance, President Jimmy Carter's former budget director. Soon after that, Lance helped Abedi orchestrate a raid on Financial General Bankshares of Washington. The purchasers were four Middle Eastern shareholders of B.C.C.I. The hostile bid triggered a three-year court battle in which U.S. regulators accused the buyers of acting in effect as fronts for the unregulated B.C.C.I.

Enter Clark Clifford. The Washington éminence grise represented B.C.C.I. in the case and persuaded nervous Federal Re-



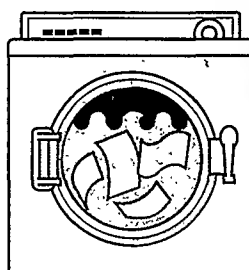
BANK OF CREDIT AND COMMERCE INTERNATIONAL

1981

Regulators grant approval after Clifford assures them that no link will exist between B.C.C.I. and the U.S. banking company.

1983

B.C.C.I. purchases a Colombian bank with branches in Medellin and Cali, centers of drug traffic and money laundering.



The National Bank of Georgia



1986

First American Bankshares buys the National Bank of Georgia from Pharaon.



Robert Altman

1982

Clifford and law partner Robert Altman become chairman and president of the bank holding company, now renamed First American Bankshares, while remaining B.C.C.I.'s chief U.S. attorneys.



Manuel Noriega

1985-87

B.C.C.I. launders \$32 million of drug money; \$500,000 from Panamanian dictator Manuel Noriega passes through First American Bank in Washington.



John Kerry

1988

A Florida grand jury indicts B.C.C.I. for laundering drug money. During the investigation, a B.C.C.I. official says Abedi owns First American.

CLOCKWISE FROM UPPER RIGHT: KEZA—GAMMA LIAISON; ROB GRANDALL—PICTURE GROUP; RICH MAINMAN—SIGMA; MARK REINSTEIN—PHOTO REPORTERS; JIM STEIN—GAMMA LIAISON

Business

serve officials that the buyers were acting as individuals on their own behalf. When questioned about B.C.C.I.'s financial role in the acquisition, Clifford flatly told the officials that there wasn't any. Clifford became chairman of the bank, renamed First American, and his law partner, Robert Altman, became president. Clifford regularly briefed Abedi on the U.S. firm's operations. When queried on the briefings, Clifford explained that B.C.C.I. as adviser to the Arab owners of First American needed to know about the banking company.

B.C.C.I. was meanwhile forging into uncharted waters, most notably laundering drug money. In 1983 B.C.C.I. acquired a Colombian bank with 30 branches that included several in Medellín and Cali, homes to the world's most powerful cocaine cartels. Among those laundering drug profits through B.C.C.I., say investigators, was former Panamanian strongman Manuel Noriega, who was collared by U.S. authorities in early 1990. Prosecutors who tracked his finances said Noriega had funneled \$500,000 of cocaine funds through First American's flagship bank in Washington. First American officials denied any knowledge of the transaction.

B.C.C.I.'s fondness for drug money brought the bank to grief in Florida and eventually led to recent mammoth losses. Undercover customs agents first stumbled onto B.C.C.I. money laundering during a sting operation. As part of the scheme, agents sent several million dollars of Medellín cartel drug funds through a B.C.C.I. bank in Miami. What happened next was worthy of *Alice in Wonderland*. Bank officers noticed the agents' amateurish attempt at mon-

ey laundering and offered to teach them more sophisticated methods. Example: the bank would wire funds to B.C.C.I. branches around the world before handing the cash back to drug traffickers in the form of phony loans. The narcotics kings happily paid large fees for the customized service.

Armed with virtually ironclad evidence, a Florida grand jury indicted B.C.C.I. for money laundering in 1988. Clifford hired a high-powered criminal lawyer to defend the bank. Despite overwhelming evidence, the government offered B.C.C.I. a plea bargain. The bank thus avoided a trial in which prosecutors planned to present evidence that laundering drug money was an approved policy of the global titan.

Other evidence would have proved equally explosive. An executive named Amjad Awan, who managed the bank's Panama office and was Noriega's personal banker, described the extent of B.C.C.I.'s empire in a recorded conversation with an undercover agent. "We own a bank in Washington," Awan told the agent. "It's called the First American Bank. There are six banks bought out by B.C.C.I. about eight years ago. B.C.C.I. was acting as adviser to them, but the truth of the matter is that the bank belongs to B.C.C.I. Those guys are just nominee shareholders."

Awan was one of five B.C.C.I. officers later convicted of conspiring to launder cocaine cash and sentenced to 12 years in prison, but he did not testify at his trial. Nor did the government play his taped conversation for the jury. For its part, B.C.C.I. forfeited the \$15 million that agents had deposited but was not re-

quired to pay additional penalties.

Awan's statements are only part of the evidence of B.C.C.I.'s ties to First American that has remained buried for a remarkably long time despite being held by the government. None of the evidence has been forwarded to banking regulators, who might have done something about it.

A Senate subcommittee headed by Massachusetts Democrat John Kerry was probing money laundering and turned up more witnesses, who were later secretly taped by teams of customs and IRS agents while being interrogated by Kerry's chief counsel. One provided details of B.C.C.I.'s money-laundering operations in the U.S. and Latin America. The B.C.C.I. executive described a B.C.C.I. management conference in Vienna at which Abedi openly displayed charts of B.C.C.I. holdings that included First American. This senior-level manager said Clifford and Altman were at the meeting.

The most startling evidence came from yet another B.C.C.I. officer who in 1989 provided the smoking gun for anyone wondering who really owns First American. His secretly taped remarks described the way B.C.C.I. had provided nonrecourse loans to the Arab investors who bought controlling shares of First American, then took the shares back as collateral for the loans. Since the investors put up no money of their own, and B.C.C.I. held the stock, it was the real owner of First American. Some of the allegedly oil-rich Arabs who appeared to be major shareholders were no more than straw front men for Abedi.

Federal agents in an adjoining room listened to this key B.C.C.I. player for three days as he continued to explain B.C.C.I.'s



1989

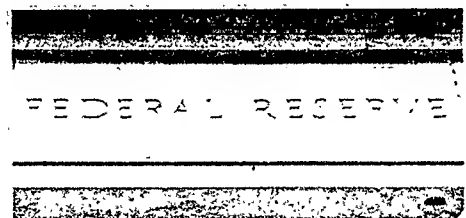
Reeling from the impact of the Florida case and bad loans, B.C.C.I. loses \$498 million. Despite evidence that B.C.C.I. controls First America, regulators permit First American to continue to expand by acquiring a bank in Florida.

1990

B.C.C.I. pleads guilty in Florida and pays \$15 million. Sheik Zayed bin Sultan al Nahayan of Abu Dhabi, a longtime investor in B.C.C.I., acquires control of the troubled bank and orders an audit, which finds that an estimated \$4 billion is missing. First American Bankshares loses \$182.5 million for the year.



Sheik Zayed bin Sultan al Nahayan



1991

The Federal Reserve probes whether B.C.C.I. owns First American and orders the banking firms to halt all transactions with each other. The Fed asks the Justice Department to consider possible criminal charges. A grand jury in New York City examines evidence of money laundering and fraud.



Robert M. Morgenthau

machinations. He described plans to use political influence to derail the Kerry inquiry. Supervising customs agents said the tapes of this executive's remarks had been in their possession and that official reports had been completed, but they declined to say where the tapes and reports had been forwarded.

Despite the wealth of new findings, federal prosecutors seemed loath to bring charges against the banking companies. "I think they sold out a lot of charges in return for B.C.C.I. promises that they would deliver up Noriega," said William von Raab, a former U.S. customs commissioner who headed the agency during the investigations. Von Raab also hinted at a darker motive for the lack of action. "That bank [B.C.C.I.] has a penchant for collecting very important friends," he said. "I'm constantly amazed at the ability of the power-brokering establishment to affect government decisions."

After arranging the taped sessions for the feds, Kerry's chief counsel, Jack Blum, returned to Washington to find that his subcommittee job had been eliminated. Eventually frustrated by the feds' apparent lack of interest in the leads he provided, Blum delivered his evidence to Manhattan prosecutor Morgenthau, who has a legendary reputation for political independence and integrity. Within weeks the D.A. launched his probe into B.C.C.I. and First American.

With B.C.C.I.'s reputation almost completely in tatters after the money-laundering plea, the bank suffered severe financial setbacks. New business dried up just as the bank's freewheeling practices left it awash in bad loans. The struggling company has lost more than \$550 million since its 1988 indictment, including a \$498 million deficit in 1989.

To the rescue has come Sheik Zayed, ruler of Abu Dhabi and Abedi's old falconing partner, who put up \$1 billion and thus took control of the bank. Zayed ordered an audit of his new property—and found that an estimated \$4 billion had vanished from the company. If the government investigators are right, Zayed also has control of First American, since he currently owns the loans and collateral on B.C.C.I.'s books. For the moment at least, that appears to make First American a virtual arm of the Abu Dhabi state bank.

B.C.C.I. is retrenching around the world. The company has closed some 70 offices and laid off more than 2,300 employees, or nearly 17% of its work force, since 1989. Many of its U.S. offices stand empty. According to a statement from Abu Dhabi, the banking firm's modest new goal is "to produce a leaner, fitter and more profitable B.C.C.I."

The fate of First American may now rest in the hands of federal and state authorities. B.C.C.I., by design, is not entirely within their reach. —With reporting by Richard Behar/

New York, Edward W. Desmond/New Delhi and Adam Zagorin/Brussels

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FM FBIWMFO (29B-WF-171994) (P) (C-5)

TO DIRECTOR FBI/PRIORITY/

FBI MIAMI/PRIORITY/

BT

UNCLAS

CITE: //3920//

SUBJECT: CLARK M. CLIFFORD; ET AL; BFWB; FAG; GO:WMFO.

REWFTEL TO DIRECTOR, MARCH 12, 1991; WFTELCALL TO MM,
MARCH 12, 1991.

MIAMI: PER RETELCALL, DISCONTINUE ON LEADS SET IN
REFTEL. SITUATION WITH REGARD TO [REDACTED] HAS CHANGED
SUFFICIENTLY TO WARRANT REQUEST FOR APPROVAL FROM FBIHQ TO
ALLOW TRAVEL OF WMFO CASE AGENT TO MIAMI DIVISION ON MARCH
14-15, 1991. FOR INITIAL CONTACT WITH [REDACTED]

REQUEST OF THE BUREAU:

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29B-WF-171994-19

SEARCHED	INDEXED
SERIALIZED <i>Su</i>	FILED <i>Su</i>
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FBI-WASH. METRO FIELD OFFICE	

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1325015-000-4893

PAGE TWO DE FBWMFO 0009 UNCLAS

FBIHQ IS REQUESTED TO APPROVE TRAVEL OF WMFO SA [REDACTED] [REDACTED] TO MIAMI DIVISION ON MARCH 14, 1991, TO RETURN LATE MARCH 15, 1991 OR EARLY MARCH 16, 1991, FOR PURPOSES OF CONTACT WITH LIKELY WITNESS [REDACTED] AT U.S. ATTORNEY'S OFFICE, MIAMI, FLORIDA, AND CONFERENCE WITH MIAMI AGENTS ASSIGNED TO "SENTRUST" INVESTIGATION.

FOR INFORMATION FBIHQ AND MIAMI, AS SET FORTH IN RETEL, AUSA [REDACTED] SEP, MIAMI, NOTIFIED AUSA, WASHINGTON, D.C. (WDC), OF EXISTENCE OF [REDACTED] AND DOCUMENTS RELEVANT TO CAPTIONED MATTER. ALMOST IMMEDIATELY AFTER SENDING RETEL, WMFO CASE AGENT WAS CONTACTED BY AUSA [REDACTED] AND INFORMED THAT [REDACTED] IS IN MIAMI AND DOES POSSESS THE DOCUMENTS, BUT THEY ARE STORED AT AN UNDISCLOSED LOCATION IN THE WDC SUBURBS, AND CONSIST OF FIFTEEN BOXES OF RECORDS.

AUSA [REDACTED] FURTHER INDICATED THAT [REDACTED] WAS WILLING TO COME TO WDC TO RELINQUISH CUSTODY OF THE DOCUMENTS.

AFTER REPORTING THE FOREGOING TO THE AUSA, WDC, HE TELEPHONED AUSA [REDACTED] TO DISCUSS HOW BEST TO GET [REDACTED] TO WDC. FROM THAT DISCUSSION IT WAS LEARNED THAT [REDACTED] SEEMS TO BE GETTING INCREASINGLY NERVOUS ABOUT THE POSITION IN WHICH HE PLACED HIMSELF. IT WAS AGREED THAT IF SERVED WITH A

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PAGE THREE DE FBIWMFO 0009 UNCLAS

SUBPOENA, [] MIGHT WELL WITHDRAW. ANOTHER CONSIDERATION WAS THAT MANY OF THE ALLEGED DOCUMENTS, WHICH [] TOLD AUSA [] WERE PHOTOCOPIED FROM THE FILES IN CLIFFORD'S LAW FIRM, ARE LIKELY TO BE PRIVILEGED COMMUNICATIONS; AND TO OBTAIN THEM BY SUBPOENA FROM [] COULD BE CONSTRUED AT A LATER DATE AS THE GOVERNMENT HAVING "PIERCED THE VEIL" OF THE PRIVILEGE BY MEANS OF A SUBPOENA. THEREFORE, IT WAS AGREED THAT THE WMFO CASE AGENT AND A TRIAL ATTORNEY FROM THE DEPARTMENT OF JUSTICE SHOULD TRAVEL TO MIAMI TO MEET WITH [] GAIN HIS CONFIDENCE AND ARRANGE FOR HIS TRAVEL TO WDC.

IN RETELCALL, MIAMI'S CORRELATIVE INTEREST IN CAPTIONED MATTER IN ITS "SENTRUST" CASE WAS DISCUSSED. PART OF PROPOSED TRAVEL WOULD INCLUDE DISCUSSION WITH MIAMI AGENTS OF PROMINENT FIGURE IN CAPTIONED MATTER, GRAITH R. PHARAON.

SACS WMFO AND MIAMI CONCUR WITH PROPOSED TRAVEL.

BT

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1325015-000-4895

File - Serial Charge Out
FD-5 (Rev. 6-17-70)

File WF-171994 Date 6-25-91

Class. Case No. Last Serial

☐ Pending

☐ Closed

Serial No.

Description of Serial

Date Charged

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RECHARGE

Date _____

To _____ From _____

Initials of Clerk {

Date {

Date charged

Employee

Location

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/21/91

[redacted] voluntarily came to the office of the United States Attorney, Southern District of Florida, 155 South Miami Ave., Miami, Florida, where he was interviewed. Present during the interview was Assistant United States Attorney (AUSA) [redacted] USAO, Washington, D.C. (WDC). [redacted] provided the following information.

[redacted] was born on [redacted], on St. Kitts, British West Indies, and has Social Security Account Number (SSAN) [redacted]. At the time of this interview, he was residing at [redacted] Ave., Apt. [redacted] Miami Florida, 33137. He gave as points of contact [redacted] telephone [redacted] telephone (work) [redacted]

[redacted] admitted having a record of felony arrests and convictions including an 18 month sentence in South Carolina for [redacted] of which sentence he served eight months, and a two month sentence in Virginia for [redacted]. The incidents which comprised this record occurred prior to 1987.

For approximately

Investigation on 3/15/91 at Miami, Florida File # 29B-WF-171994 -21
by [redacted] :das Date dictated 3/20/91

29B-WF-171994

Continuation of FD-302 of [redacted], On 3/15/91, Page 2

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29B-WF-171994

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Continuation of FD-302 of _____, On 3/15/91, Page 3

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/21/91

[redacted] a black male, born [redacted]
Social Security Account Number [redacted] provided the
following information.

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During his employment [redacted]

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Prior to his [redacted]

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Investigation on 3/19/91 at Arlington, Virginia File # 29B-WF-171994
by SAS [redacted] das Date dictated 3/20/91

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29B-WF-171994

Continuation of FD-302 of [REDACTED], On 3/19/91, Page 2

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With regard to the [REDACTED]

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After disclosing that [REDACTED]

[REDACTED] informed the interviewing agents that he had considered attempting [REDACTED]

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[REDACTED] then inquired of the interviewing agents whether the FBI would want him attempt to enter Security Storage to get the documents. He was immediately told by the interviewing agents not to consider such a course of action and that in no way was FBI going to make such a request of him. He was instructed only to honor the subpoena served on him in Miami, Florida, on 3/15/91, compelling him to appear before the Grand Jury in [REDACTED] on [REDACTED] to testify.

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/21/91

[redacted], a black male, born [redacted] Social Security Account Number [redacted] provided the following information.

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During his employment

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Prior to his

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Investigation on 3/19/91 at Arlington, Virginia File # 29B-WF-171994

SAs [REDACTED]:das
by [REDACTED]

Date dictated 3/20/91

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29B-WF-171994-22

SEARCHED	INDEXED
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*** 75 CENTS

Capital Influence

How Clifford's Repute Protected Client BCCI From the Regulators

His Standing and Assurances Deterred Scrutiny of Firm Said to Control U.S. Bank A Denial of Any Impropriety

By PETER TRUELL and JILL ABRAMSON
Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON—With his signature silver hair, craggy features and resonant voice, Clark Clifford is the consummate Washington wise man. Presidents have come and gone, but for decades Mr. Clifford has sat atop the three branches of the capital's permanent government: law, money and politics.

He presides over one of the city's most influential law firms, Clifford & Warnke, just a few steps from the White House. As chairman of First American Bankshares Inc., he controls an \$11 billion banking empire. As the dean of the Democratic Party, he has been sought out for counsel by practically every major Democratic figure since the Truman administration.

But at age 84, Mr. Clifford finds himself defending this golden resume against the blight of scandal, thanks to his late-in-life foray into banking with a group of Middle Eastern money men.

The pressure has been mounting for at least two years. The Customs Service cracked down on money laundering at a major Clifford client, the Bank of Credit & Commerce International. Senate investigators began tussling with him over documents. And finally, late last year, an



Clark Clifford

aggressive prosecutor in New York put the spotlight on Mr. Clifford himself: The superlawyer's own Washington-based bank, investigators now believe, was unlawfully controlled by the money-laundering BCCI, partly through Arab investors who were Mr. Clifford's banking partners.

A chorus of media coverage—in this newspaper, the Washington Post and CBS's "60 Minutes," among other places—has called attention to Mr. Clifford's actions at a time when he had planned to bask in the sunset of an illustrious career.

Did Clark Clifford do anything wrong? Was he a major player in a subterfuge to hide the corrupt ownership of a major U.S. bank? Or, as Mr. Clifford says, was he duped into acting as a front man?

Whatever the case, a close look at the Clifford affair reveals that his reputation and influence were instrumental in keeping the artifice together. "I mean, Clark Clifford is sort of the godfather of the Democratic party," a BCCI official once explained—to a Customs agent with a hidden tape recorder. More recently, Mr. Clifford's influence helped short-circuit a Senate investigation of BCCI's affairs.

Also caught in the BCCI maelstrom is Robert Altman, Mr. Clifford's law partner



Robert Altman

and younger alter ego. Mr. Altman and his wife, the actress Lynda Carter (TV's Wonder Woman) are fixtures on Washington's A-list, playing host to fetes—such as the recent 45th birthday party for White House economist Michael Boskin—at their Gatsby-like home in Potomac, Md. While his mentor plays Mr. Democrat, Mr. Altman and his wife have embraced well-placed Republicans, such as Commerce Secretary Robert Mosbacher and Transportation Secretary Samuel Skinner and their wives.

Mr. Altman says the media are making too many assumptions before all the facts are in. "People are jumping to conclusions about BCCI's control" of First American, he says. "We don't even know that as a matter of fact."

Official Washington, meanwhile, is shaking its head in wonder. "I just don't think anyone believes Clark Clifford could be involved with anything that isn't on the up and up," says Debbie Dingell, the powerhouse wife of Rep. John Dingell, the influential Michigan Democrat and a close friend of the Altmans.

(Indicate page, name of newspaper, city and state.)

P.A-1
The Wall Street Journal

Date:
Edition:

3/22/91

Title:
*"Capital Influence;
How Clifford's Repute Protected
Client BCCI from the Regulators"*

Character:

or

Classification:

Submitting Office:

BF; E; FAG

WMFO

Indexing:

(K)

During an interview this week, Mr. Clifford passionately defended himself against all allegations of impropriety. "The record that I have here has been built very carefully over many years," he said. It was only two months ago, he says, that he learned that his bank, First American, was at least in part secretly owned by BCCI.

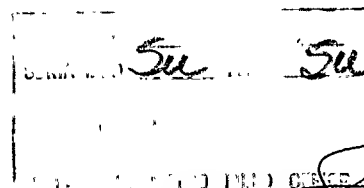
How could all this have happened?

Reassuring the Regulators

Messrs. Clifford and Altman forged their relationship with BCCI in the late 1970s, when the foreign bank was acting as financial adviser to some Arab investors trying to buy into what was then Financial General Bankshares of Washington. Financial General was a plum property. At a time when few banks could conduct business across state lines, it had a branch network stretching from New York to Tennessee. Eventually, it would be renamed First American.

BCCI, for its part, was hell-bent on global growth. Founded in 1972 by Pakistani, Please Turn to Page A4, Column 1

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FBI/DOJ

Capital Influence: Clifford's Reputation and Position Shielded BCCI, Alleged Secret Owner of a U.S. Bank

Continued From First Page

stani banker Hasan Abedi, BCCI swelled in the 1970s, setting up offices throughout the Middle East, Europe, Africa and Asia. But its unorthodox structure—with two holding companies in the lightly regulated tax havens of Luxembourg and the Cayman Islands—made some regulators wary. The Bank of England refused to give BCCI full banking status, while New York banking authorities rejected an effort, involving BCCI, to acquire the Bank of Chelsea.

But Mr. Clifford was impressed with his client, Mr. Abedi, calling him "a visionary." In 1977, the investor group being advised by BCCI—including the former intelligence chief of Saudi Arabia—began gobbling up Financial General stock.

Eventually the takeover required approval from a bevy of regulators, who gathered in Washington on April 23, 1981, at a hearing held by the Federal Reserve. Just who, the regulators wanted to know, was *really* proposing to buy the bank? Not BCCI, Mr. Clifford said.

"There is no function of any kind on the part of BCCI," asserted Mr. Clifford, flanked by four Arab investors. "I know of no present relationship. I know of no planned future relationship that exists."

Referring to the proposed holding companies for First American—called Credit & Commerce American Holdings and Credit & Commerce Investment N.B.—Mr. Altman told the hearing "there is no connection between those entities and BCCI, in terms of ownership or other relationship." The similarity of the holding company names with BCCI's, the Washington lawyers insisted, was pure coincidence.

Mr. Clifford says he was assured by Mr. Abedi and by shareholder Kamal Adham, the former Saudi intelligence chief, that the individual shareholders, not BCCI, were putting up the money to buy the bank. He says it will be proved that at least some of the shareholders did use their own money.

He was aware that all of the shareholders banked at BCCI. "The men we met appeared to be men of character," he adds. He says numerous government investigators checked the backgrounds of the investors and came up empty-handed.

But some of those regulators were relying on Mr. Clifford's own assurances that BCCI wasn't involved—and on Mr. Clifford's reputation for integrity.

Sidney Bailey, a Virginia bank regulator, recalls the 1981 hearing well. "It was our understanding that they [First American] would be distinct and separate from BCCI and that there would be no connection with BCCI whatsoever," he says. "These were absolute assurances."

The New York state banking authority was the last regulator to sign off on the takeover. Muriel Siebert, the former head of that agency, concedes that she too relied mainly on Mr. Clifford's word. "If we had known about [BCCI's role] we wouldn't have allowed it to go through," she says.

Later, after she had returned from state service to her brokerage firm, she says she received a fee of "\$50,000 or \$100,000" for her role in helping find a buyer for First American's Bank of Commerce unit in New York. She says the transaction had no connection to her former role as a regulator.

Mr. Clifford agreed to become First American's chairman after receiving assurances that he would have "full authority" and that the shareholders would play only a passive role, with Mr. Abedi serving as their investment adviser. Mr. Altman became First American's president.

With its new name and new leaders, First American expanded rapidly. Each time a new acquisition was made, Messrs. Clifford and Altman made the same assurances: BCCI was in no way involved in the running of their bank. The role of Mr. Clifford's law firm grew alongside the bank. The firm served as the bank's attorneys, receiving millions in legal fees annually, and continued as counsel to BCCI.

Throughout the 1980s, both men made trips to London to brief Mr. Abedi on First American's affairs. When First American needed money to make an acquisition, for example, Mr. Clifford says he distributed rights offerings to the shareholders through Mr. Abedi, who would see some of the First American shareholders on trips to the Persian Gulf.

He insists that neither Mr. Abedi nor anyone else at BCCI was ever involved in the management of First American. "Not for one hour during any day," he asserts. Although at least one prospective First American executive was flown to London to meet Mr. Abedi, Mr. Clifford now says Mr. Abedi played no role in hiring decisions. Mr. Clifford says it was natural to seek Mr. Abedi's opinion of the job applicant, since he was being considered for an international banking post.

Both Mr. Clifford and Mr. Altman went to some length to discourage inquiries into the ownership of First American. In a lawsuit filed by a disgruntled shareholder of First American's Virginia bank, the two lawyers fought unsuccessfully to keep out of court any evidence about the investors who controlled their bank.

So who really did buy First American?

Investigators for New York County District Attorney Robert Morgenthau have established this much: Early on, perhaps at the outset, several shareholders in the shell corporations that were buying First American had borrowed the money to pay for their shares from BCCI. In at least some cases they never repaid those loans or paid interest on them, lawyers say, adding that since the loans were effectively collateralized with the stock, BCCI soon had paper control of First American's parent. The bank was, in effect, a secret wholly owned subsidiary of BCCI.

Influence on the Hill

It was drug money that led regulators to the true ownership of First American.

In early 1988, Sen. John Kerry, a Massachusetts Democrat, launched a moneylaundering probe in his narcotics-trade subcommittee, part of the Senate Foreign Relations Committee. BCCI quickly became a focus. Former Panamanian consul general Jose Blandon told the subcommittee that the bank was part of Manuel Noriega's "criminal empire."

The investigation was explosive—but in

the cozy world of Democratic politics, so was the fact that BCCI was represented by Clifford & Warnke. Mr. Clifford's status as Democratic insider carries great weight on the hill. For one thing, he was active in a political action committee headed by Pamela Harriman, wife of the late ambassador W. Averill Harriman, that helped bankroll Democratic Senate campaigns. Clifford & Warnke is a Democratic powerhouse in its own right; its partners have given almost \$150,000 to various Democratic campaign committees since 1985.

The Kerry subcommittee obtained intriguing leads. Amjad Awan, a BCCI official, testified in detail about his handling of Mr. Noriega's finances. And in early 1989, investigators obtained checks totaling several thousand dollars that bore the inscription "Noriega" in the lower left corner. The checks had been passed through a BCCI account held at a First American branch in Washington. Mr. Clifford says he didn't know about the checks, noting the vast quantity of transactions handled by his bank.

But Sen. Kerry's investigation quickly ran into a big technical problem: too little time. The full Foreign Relations Committee, headed by Sen. Claiborne Pell, had set early 1989 as a deadline; funds for the probe would then run out. But by the end of 1988, Jack Blum, then the Kerry committee's top investigator, still didn't have the documents he needed to initiate a public hearing on the BCCI case.

Then, when he returned from an out-of-town trip in early 1989, he learned Mr. Clifford had called Sen. Pell seeking an extension to answer one of the subcommittee's subpoenas. The extension, which Sen. Pell granted, delayed the submission of material by Mr. Clifford beyond the date on which Mr. Blum was required to complete his investigation, effectively derailing the probe. Public hearings were never held.

"Pell and Clifford have known each other for years and years," explains Geryld Christianson, who, as the committee's staff director, handled the request from Mr. Clifford. "He asked for an extension, and I said I didn't see why not." But, he adds, "Clifford never invoked the friendship in his discussions with Pell, nor did Pell with me." Sen. Pell received a \$1,000 contribution from Mr. Clifford in May of 1990.

After winding down his investigation, Sen. Kerry also received a total of \$3,000 in contributions from Mr. Clifford and one of his law partners. Sen. Kerry says that, during the stillborn investigation, he wasn't aware that Mr. Clifford intended to contribute.

Mr. Clifford says he wasn't throwing around any political weight. "At no time have I used political influence," he says.

A Slap on the Wrist

Separately, other investigators also were also watching BCCI. Starting in 1986, the U.S. customs service had mounted its own probe of BCCI's money-laundering activities.

An undercover sting code-named Operation C-Chase was passing Colombian drug cartel money through BCCI. By October 1988 the bank and several of its senior officers were indicted in Tampa on charges of laundering more than \$14 million. And BCCI's legal advisers quickly rode to the rescue.

Messrs. Clifford and Altman assembled a team of Washington and Florida lawyers to press the defense, which ultimately cost at least \$10 million. That team over several months negotiated a settlement in which a BCCI unit pleaded guilty to money-laundering charges. In addition, five BCCI officers received prison terms.

But the \$14.6 million in fines was seen as little more than a slap on the wrist of an institution that had virtually made itself a full-service bank for money-launderers. The plea agreement was so "lenient," contended a report prepared by Sen. Kerry's staff, that it could undermine "deterrence of other financial institutions from laundering money."

Once again, the superlawyers went into action. Mr. Altman approached another powerful friend, Sen. Orrin Hatch, a senior Republican on the Judiciary Committee, whose blessing would add considerable credibility to the Tampa settlement. "I'd known him and his wife for years," Mr. Hatch says of Mr. Altman. "I think he is a fine fellow. I believe he was straight and blunt with me."

The Utah Republican says he also talked to representatives from the Justice Department who "felt they had done a good job and that they were being slammed," Mr. Hatch explains.

Thus, on Feb. 22, 1990, Sen. Hatch made a ringing endorsement of the settlement in the Congressional Record. Even though BCCI had pleaded guilty to 31 felony counts, "there was no systematic money laundering uncovered in the BCCI case after intensive investigation," Mr. Hatch's statement asserted. He also commended BCCI for the "responsible way the company has responded to the charges in these proceedings."

Recently, at Sen. Hatch's request, Mr. Altman and his TV-star wife put in a celebrity appearance at a charity function that the senator helped sponsor for the National Foundation for Depressive Illness. Sen. Hatch says he stands by his actions and emphasizes that he subsequently worked with Sen. Kerry on proposed money-laundering legislation.

But the Justice Department had learned more about BCCI. It obtained strong evidence that BCCI was surreptitiously controlling Washington's First American Bank—evidence that the department never passed along to banking regulators.

Law-enforcement investigators learned of the relationship straight from Mr. Awan, the BCCI official. Acting "through private individuals," Mr. Awan said, "BCCI has bought and controls First American Bank," according to a summary of his statements compiled and sworn to by an agent of the Internal Revenue Service. He said individuals, rather than BCCI, were used to buy First American because U.S. law blocked BCCI from the transaction. "Clark Clifford," he went on to say, "is one of the persons who is working on behalf of BCCI."

Mr. Awan went so far as to say that Mr. Clifford was slowing down the Senate investigation of BCCI that was under way at that time.

Plainly, BCCI was grateful to have Messrs. Clifford and Altman as its men in the capital. "Our attorneys there, they're heavyweights," Mr. Awan said in a taped conversation with an undercover agent from U.S. Customs. "We own a bank based in Washington, it's called First American," he adds. The "truth of the matter is that the bank belongs to BCCI. Those guys are just nominee shareholders," he says of the Arab investors.

BCCI's lawyers go out of their way to undercut Mr. Awan's statements. "He doesn't know this firsthand. He picked it up as office or organizational rumor, and he's asserting it," says John Hume, who represented Mr. Awan in the money-laundering proceedings.

As soon as his Senate investigation was terminated Mr. Blum took his suspicions to Robert Morgenthau, the New York County district attorney who has made money laundering a top target of his office. Last fall, Mr. Morgenthau's office presented the evidence to bank regulators that BCCI effectively held a controlling stake in First American Bank's holding company.

As a result, the Federal Reserve recently demanded that BCCI and First American keep their businesses separate. It also demanded that BCCI submit plans to sell its controlling stake in First American Bank's parent. The Senate banking committee is saying it will look into the Fed's procedures for screening foreign banks that want to set up in the U.S.

And Messrs. Clifford and Altman seem hurt and surprised at the revelations. If regulators were fooled about BCCI's secret ownership, so, they say, were they. Despite their frequent contact with BCCI's principals, they—and they alone—have been making decisions for the bank, Mr. Clifford says. In any case, their law firm's relationship with BCCI was severed in October.

Messrs. Clifford and Altman are now devoting themselves to damage control, working with a team of criminal defense lawyers and public relations specialists.

While Mr. Altman was recently seen power-lunching with the television host Larry King, some of his other friends are putting distance between themselves and the flashy lawyer. When asked about his relationship with the Altmans, for example, Mr. Boskin, the president's top economist, stressed through a spokesman that during two Christmas skiing holidays in Aspen, his family and the Altmans "skied on different mountains."

Mr. Clifford, meanwhile, tries to concentrate on happier developments. His memoirs, due to be published in June, are being serialized beginning this week in the New Yorker.

But official Washington is pondering a different mystery: Why would Clark Clifford, who was already a millionaire, cast his lot with these money men? The answer, he says, is that he wasn't looking forward to retirement and that his law practice no longer intrigued him. "When this came along I was challenged by it," he explains.

He is getting ready to tell his side of the story—in court if necessary: "When the time comes I will raise my hand and make an oath, that at no time have Mr. Abedi, Mr. Adham, or any of the investors made a decision for First American Bank," Mr. Clifford says.

File - Serial Charge Out
FD-5 (Rev. 6-17-70)

File 29B-WF-171994 Date 6-25-91

Class. Case No. Last Serial

☐ Pending

☐ Closed

Serial No. Description of Serial Date Charged

24 SUBP - Perpetual 6-25-91
Sav. BK

Consol into 29B-WF-171994
SUB Q



b6
b7C

RECHARGE

Date _____

To _____ From _____

Initials of Clerk

{ _____

Date

{ _____

Date charged

Employee

Location

File - Serial Charge Out
FD-5 (Rev. 6-17-70)

File 29B-WF-171994 Date 6-25-91

Class. Case No. Last Serial

☐ Pending ☐ Closed

Serial No. Description of Serial Date Charged

25 SUBP - Board of
Governors of the
Intl Resv System

Consol into 29B-WF-171994
SUB Q

Employee

RECHARGE

Date

To From

Initials of Clerk

Date

Date charged

Employee

Location

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 4/9/91

1 TO : SAC, MIAMI
 2 FROM : SAC, WMFO (29B-WF-171994) (P) (C-5 NVMRA)
 3 SUBJECT : CLARK M. CLIFFORD;
 4 Et al;
 5 BF&E; FAG
 6 (OO: WMFO)

7 ReWftels to MM, 3/12/91 and 3/13/91.

8 [redacted] (B/M, dob [redacted], SSAN [redacted]
 9 [redacted], mentioned in referenced teletypes, was interviewed
 10 at the USAO, Miami, on 3/15/91, at which time he claimed to
 11 have [redacted] of the
 12 law firm of CLIFFORD & WARNKE (C&W), prior to being fired in
 13 [redacted] The [redacted] were said to be stored in
 14 the suburban Washington, D.C. (WDC) area. [redacted] agreed to
 15 come to WDC to relinquish custody of the documents, but was
 16 served with a subpoena, anyway, compelling his appearance
 17 before the USGJ, WDC, on March 22, 1991.

18 Also during the Miami interview, [redacted] disclosed
 19 that the basis for his dismissal from C&W was [redacted]
 20 [redacted]
 21 [redacted] C&W [redacted] It was his stated belief
 22 he had been [redacted] by C&W as [redacted]
 23 [redacted]
 24 which he denied having done. WMFO is currently investigating
 25 [redacted] story, but is need of a photograph of [redacted] to show
 26 the bank teller who handled the [redacted]

2 2-Miami
 1 1-WMFO

JNR:jnr

29B-WF-171994-26

Searched

Se

Interro

Filed

Per

Approved:

Transmitted

(Number) (Time)

1325015-000-4914

29B-WF-171994

The examination of the bank transaction is further necessitated by the need to establish [redacted] veracity with regard to the alleged photocopied C&W records. When [redacted] came to WDC and was again interviewed on 3/19/91, he claimed that the documents had been discarded by [redacted] the [redacted] of his former girlfriend, [redacted], in a dispute over a debt. Supposedly, [redacted] now resides in the (East Point) Atlanta, Georgia area, and [redacted] only knew an equally-general locale for [redacted] WMFO is still attempting to locate both [redacted]

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b7C

[redacted] gave as his points of contact in Miami:

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b7C

Residence: [redacted] Avenue, [redacted]

Acquaintances: [redacted]
[redacted]

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b7C

LEADS:

MIAMI DIVISION:

At Miami, Florida: will contact [redacted]
[redacted]: (1) obtain a photograph of him as he would have appeared in April, 1990; interview him for any identifying information on either [redacted] also to find out how or from whom he learned that the documents had been discarded.

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File - Serial Charge Out
FD-5 (Rev. 6-17-70)

File 29B-WF-171994 Date 6-25-91

Class. Case No. Last Serial

☐ Pending

☐ Closed

Serial No.

Description of Serial

Date Charged

28 SUBP - Repetual
Saw Bank

Consol into 29B-WF-171994
Sub Q



b6
b7C

RECHARGE

Date _____

To _____ From _____

Initials of Clerk

{ _____

Date

{ _____

Date charged

Employee

Location

28

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 5/3/91

From : SA [redacted] (C-5)

Subject: CLARK CLIFFORD;
ET AL;
BF&E; FAG; CONSPIRACY;
(OO: WMFO)

On 5/3/91 SA [redacted] and the writer met with AUSA [redacted] and DOJ [redacted]. Discussed was the proposed trip to Europe to interview [redacted]. During the meeting, AUSA [redacted] placed an over seas telephone call to [redacted] Attorney, [redacted] has tentatively agreed to bring [redacted] to Washington, D.C., for the interview. The interview has been tentatively scheduled for the week of 5/13/91.

Also discussed was the trip to Tampa to review records and to interview [redacted]. Said trip will be from 5/7 - 5/10/91. The second trip to interview [redacted] and continue to review documents will be pushed back to a later date.

On that same date, the writer contacted Customs Agent [redacted] and discussed the above information.

On that same date, the writer contacted SA [redacted] Tampa. The investigative trip to Tampa was discussed.

29B-WF-171994 -29

Su Su

652

1325015-000-4918

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 5/7/91

TO : DIRECTOR, FBI
 Attn: Laboratory Division

FROM : SAC, WMFO (29B-WF-171994) (P) (C-5 NVMRA)

SUBJECT : CLARK M. CLIFFORD, aka;
 Et al;
 BF&E; FAG
 (OO: WMFO)

REQUEST OF THE BUREAU: The Laboratory Division is requested to produce enhanced, still photographs from the enclosed videotape cassette at the following points:

Camera	Time	Description of Person
6	2:37:39p.m.	Male; lower right
6	2:44:20p.m.	Female; lower right
6	2:44:42p.m.	Female; lower right
4	2:45:24p.m.	Male; center bottom
3	2:45:58p.m.	Female; white blouse, dark sweater, print skirt
3	2:46:40p.m.	Female; white blouse, dark sweater, print skirt
4	2:47: p.m.	Female; white hat, glasses, overcoat
3	2:50: p.m.	Male; at desk, dark pants, plaid shirt
4	2:52: p.m.	Male; center bottom, plaid shirt

ENCLOSURES:

One Panasonic "Super Hi-Fi" VHS videotape cassette, labled "12", dated "4/2/90 to 4/13/90";

3-FBIHQ (Enc. 2)

1-WMFO

JNR:jnr

(4)

29B-WF-171994-30

b6
b7C

Approved:

Transmitted

(Number) (Time)

Per

1325015-000-4919

29B-WF-171994

One FD-340, containing Polaroid photographs from television screen, showing above-described subjects.

The enclosed videotape was produced by the security-surveillance cameras at PERPETUAL SAVINGS BANK, F.S.B. (PSB), 445 11th Street, NW, Washington, D.C., during the period between 4/2/90 and 4/13/90. On 4/10/90, at or about 2:48p.m., PSB teller [] (the Black male at the last window on the right as one views the teller stations from the lobby) received a [] The person into whose account the check was deposited denies making the deposit or any knowledge of it (and, in fact, does not appear on the videotape). He believes (and the possibility exists) he was [] where he was employed at the time. It is hoped that he can identify one of the customers, depicted on the enclosed videotape, who approached teller [] at or about the appropriate time.

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Memorandum



To : SAC, WMFO (29B-WF-171994)

Date 5/21/91

From : SA [redacted] (C-5)

b6
b7C

Subject: CLARK CLIFFORD;
ET AL;
BF&E; FAG; CONSPIRACY;
(OO: WMFO)

On 5/17/91, a meeting was held at the office of the U.S. Attorney, District of Columbia. In attendance were AUSA [redacted], DOJ [redacted], SA [redacted] and the writer. AUSA [redacted] advised that letters had been sent to [redacted] inviting them to testify before a FGJ. [redacted] have agreed to testify but have requested that their testimony be held in abeyance until they have given depositions to the Federal Reserve Board (FRB).

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AUSA [redacted] further advised that the U.S. Attorney's Office has agreed with the FRB to allow the FRB to complete their process of taking depositions before presenting evidence to a FGJ.

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SA [redacted] contacts with [redacted] were discussed as was the situation concerning him.

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Attached hereto is a memorandum prepared by AUSA [redacted], dated 5/17/91. Said memorandum sets forth a list of leads. The list was reviewed in detail and the writer has placed notations on same reflecting who will address the leads.

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29B-WF-171994-31

Sw Sw

1325015-000-b6 1
b7C

Memorandum



To : SAC, WMFO (29B-WF-171994)

Date 4/18/91

From : SA [redacted]

b6
b7C

Subject: CLARK M. CLIFFORD;
Et Al;
BF&E; FAG; CONSPIRACY
OO:WMFO

On 4/2/91, AUSA [redacted]
[redacted] and I attended a meeting with [redacted] and [redacted]
[redacted] at The Board of
Governors of the Federal Reserve System (BGFRS), to discuss the
scope and status of the BGFRS' parallel investigation concerning
the captioned matter. I served a subpoena from the United States
Grand Jury, WDC, requiring the BGFRS to provide all records in
its possession relative to the matter.

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[redacted] said that the BGFRS has four categories of
information relating to this matter: The CCAH applications for
approval by the BGFRS as a bank holding company; the yearly
filings and periodic examination reports; the information
received from the PATTON BOGGS and BLOW since December 1990,
regarding BCCI (the BGFRS has been primarily dealing with PB&B
attorney [redacted], who, prior to being asked by BCCI to
act as counsel in this matter, had been managing ABU DHABI's real
estate holdings in the United States); records received in
response to BGFRS administrative subpoenas requiring production
of all records of CCAH and the personal financial records of
CLARK M. CLIFFORD and [redacted]. With regard to the
records of CLIFFORD and [redacted], BGFRS will require a separate
subpoena specifically requiring the production of those records.

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[redacted] provided a "general overview" of the scope
and results of the BGFRS investigation. Essentially, the
information from PATTON, BOGGS and BLOW has revealed there were
several large, non-performing loans made by BCCI to the
shareholders of CCAH. The BCCI and CCAH documents supporting
these loans have been taken to and stored in ABU DHABI, under the
control of the current owners of BCCI. BCCI has also formed an
"investigative committee," comprised of representatives from the

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2 - WMFO
JNR:das
(2)

29B-WF-171994-32
Su Su

1325015-000-4926

auditing firms of Price Waterhouse and ERNST & WHINNEY, along with the attorneys from PATTON BOGGS and BLOW.

In May 1990, while auditing BCCI, Price Waterhouse found a "huge hole" in BCCI's capitalization, equal to approximately \$1 billion. [] sought an infusion of capital from SHEIK ZAYEK BIN SULTAN AL-NAHAYAN of ABU DHABI, who already owned 30 percent of BCCI. SHEIK AL-NAHAYAN contributed the necessary capital, raising his ownership interest in BCCI to 79 percent, then instructed Price Waterhouse to expand the scope of the audit. In or before October 1990, Price Waterhouse issued a "coded report" showing BCCI loans to CCAH shareholders and to GHAITH PHARAON; loans which far exceeded what a U.S. bank would be allowed to loan, given the capitalization and other assets available. The records of those loans were kept in the homes of AGHA ABEDI and [], and appeared on the books and records of BCCI as "lines of credit," even though they were merely amounts of money disbursed through nominees for the purchase of CCAH. Reportedly due to these disclosures, SHEIK AL-NAHAYAN successfully sought the resignations of both ABEDI and []

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[] wrote to Price Waterhouse requesting access to the report. After receiving and reviewing the report, [] wrote to CCAH demanding the documents showing the loans. It was arranged that [] representing the BGFRS, and an employee of The Federal Reserve Bank in New York would travel to ABU DHABI with PATTON BOGGS & BLOW Attorney [] to examine the documents. During the trip, which occurred in early March 1991, [] and the others examined numerous documents and made copies of those they deemed pertinent. Those copies were transported by [] and the others to London, England, and placed in the custody of the law firm of ALLAN & OVERY (phonetic), counsel to BCCI. [] did not make an inventory of the documents. [] has written a letter to PATTON BOGGS & BLOW requesting that the documents be turned over to the BGFRS.

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[] is working on a report of investigation concerning the trip to ABU DHABI and his examination of the documents. It was "clear" to him from his examination that the CCAH borrowers were nominees for BCCI.

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The purchase of CCAH stock in 1986 by CLIFFORD and [] was first disclosed in [] reply to [] request for the identity of every shareholder. [], in a recent deposition given to the BGFRS, explained how it came to be that he and CLIFFORD bought the stock. It is also clear from the documents received from PATTON BOGGS & BLOW that loans were made by BCCI to CLIFFORD and [] for the purpose of purchasing the CCAH shares. [] bought approximately \$5 million worth, and CLIFFORD \$10 million worth. Their purchases together totalled less than one percent of the outstanding stock in CCAH. Loans

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were made for the entire amount of the purchase, with a price of the shares of stock having a "book-value" of \$2,200 each. In 1988, both CLIFFORD and [] sold some of the shares for approximately three times the book-value, realizing a sufficient profit to pay off their loans in 1989. Both CLIFFORD and [] still hold some CCAH shares.

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Tangential issues discovered by the BGFRS in its inquiry include:

1. BCCI owns Independence Bank in California, purchased by nominee GHAITH PHARAON; a violation of the Bank Holding Act.
2. BCCI violated the Bank Holding Act in 1982 by its nominee purchase of the National Bank of Georgia, which again involved GHAITH PHARAON.

First American Bankshares will have to be sold by BCCI to someone other than SHEIK AL-NAHAYAN.

[] will report the findings of his investigation to the Board of Governors, which, in turn, will direct the next steps, e.g., penalties against BCCI and actions against CLIFFORD and [] has also been told that congressional hearings by Congressman GONZALES and Senator KERRY are upcoming.

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Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 4/19/91

From : SA [redacted] (C-5)

Subject: CLARK M. CLIFFORD;
ET AL;
BF&E; FAG;
(OO: WMFO)

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b7C

On 4/17/91, the writer briefly met with AUSA [redacted] District of Columbia. The writer introduced himself and advised that he had been assigned to captioned investigation as a second Agent. Such was per the request of AUSA [redacted]. AUSA [redacted] provided the writer with a brief case overview. A meeting was set up for 4/18/91 in order to discuss this matter in detail.

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On 4/18/91, the writer and SA [redacted] met with AUSA [redacted]. The writer received a thorough overview of this case. In addition, AUSA [redacted] stated that he had been in contact with Customs Agent [redacted] and AUSA [redacted] Middle District of Florida. Said District had handled the 1988 Money Laundering case involving BCCI. AUSA [redacted] was informed that [redacted] believed that captioned investigation would benefit from interviewing individuals who were involved in their case and reviewing the trial transcripts and evidence. Such should have a direct impact on captioned matter. AUSA [redacted] advised that he would like SA [redacted] and the writer to accompany DOJ, Fraud Section, [redacted] and himself to Tampa, Florida, in early May, 1991. Interviews and records reviews will be conducted at said time. AUSA [redacted] added that [redacted] was aware of an individual outside of the United States who may have significant information relevant to this matter.

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Subsequently, on that same date, the writer attended a meeting at AUSA [redacted] office. In addition to the writer and AUSA [redacted] in attendance were Attorney's [redacted] and [redacted] are criminal Attorney's representing the current owners of BCCI and BCCI. This meeting was preliminary in nature. BCCI'S potential cooperation and culpability were discussed.

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29B-WF-171994 -34

Su Su

[redacted]

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1725015-000

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 5/21/91

From : *[Signature]* SA (C-5)

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b7C

Subject: CLARK CLIFFORD;
ET AL;
BF&E; FAG; CONSPIRACY;
(OO: WMFO)

On 5/15/91, the writer contacted Analyst Visual Investigative Analysis Unit (VIA), CID, FBIHQ. The writer inquired as to the potential for VIA assistance with link analysis and flow charting in this matter.

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On the above date, the writer contacted SSA FIFU, CID, FBIHQ. SSA stated that he would support the above mentioned VIA request.

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On the above date, the writer hand carried the above mentioned VIA request to FBIHQ.

On 5/16 and 17/91, respectively, the writer reviewed the file and other records pertaining to this matter.

On 5/16/91, the writer contacted SA NYO. The writer apprised SA of the contact with

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b7D

On 5/17/91, the writer continued to review documents relevant to this investigation.

29B-WF-171994-35

SW SW

[Signature] 1325015-000-4933
[Signature]
b6
b7C

M moraneum



To : SAC, WMFO (29B-WF-171994) (P)

Date 4/23/91

From : SA [redacted] (C-5)

b6
b7C

Subject: CLARK M. CLIFFORD;
ET AL;
BF&E; FAG; CONSPIRACY;
(OO: WMFO)

On 4/16/91 the writer was assigned to this matter. SA [redacted] provided the writer with an overview of the case. The writer then began to review documents germane to this investigation.

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On 4/17/91, the writer continued to review documents and the case file.

On that same date, the writer attempted to contact [redacted] Sterling, Virginia 22170. There did not appear to be anyone home at said address. The writer noted a considerable amount of junk mail around the entrance and observed SA [redacted] business card against the door. It appeared that no one had been home at the above address for a while. The writer then went to the town house unit next door, [redacted]. [redacted] confirmed that [redacted] resided at the above address. However, [redacted] stated that [redacted] has not been around for about 6 months and that [redacted] has not been occupied during that period.

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On 4/19/91, the writer contacted Postal Inspector [redacted] Merrifield, Virginia, telephone [redacted]. The writer requested an address check for [redacted], specifically if there was a record of a forwarding address from the above residence.

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On 4/22/91, [redacted] contacted the writer. [redacted] advised that there was no record of a forwarding address for [redacted] checked with the Postal Carrier for that route and determined that [redacted] was still getting mail at [redacted]. In addition mail was being received in the names [redacted] and [redacted]. [redacted] determined that occasionally someone was picking up the mail and occasionally the Carrier would return it when the box became overfilled. [redacted] stated that there was no particular pattern as to when mail was picked up or returned by the Letter Carrier.

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29B-WF-171994-36
Su Su

1325018-000-4934

M moraneum



To : SAC, WMFO (29B-WF-171994) (P)

Date 4/23/91

From : SA [redacted] (C-5)

b6
b7C

Subject: CLARK CLIFFORD;
ET AL;
BF&E; FAG;
(OO: WMFO)

On 4/23/91, the writer accompanied DOJ Attorney [redacted] to the Federal Reserve Bank (FRB). [redacted] showed the writer where relevant records were located at the FRB. The FRB records were divided into two areas. The first, located in the "old" FRB building, were regular submissions to the FRB. The second, located in the "new" FRB building, were FRB investigative files and submissions in support thereof.

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[redacted] provided a detailed overview of the records and their importance to this investigation. [redacted] advised that FRB Attorneys [redacted] were very knowledgeable of the records and were working on the FRB investigation of this matter.

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On the above date, [redacted] introduced the writer to [redacted] FRB. This matter was discussed briefly.

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On that same date, the writer reviewed available information at the NVMRA.

29B-WF-171994-37

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1325015-000-4935

M moraneum



To : SAC, WMFO (29B-WF-171994) (P)

Date 4/23/91

From : SA [redacted] (C-5)

b6
b7C

Subject: CLARK CLIFFORD;
ET AL;
BF&E; FAG; CONSPIRACY;
(OO: WMFO)

On 4/23/91, the writer and SA [redacted] met with AUSA [redacted] and DOJ [redacted]. The 60 Minutes tape of the interview of CLARK CLIFFORD was reviewed in detail. After said review, AUSA [redacted] discussed the following:

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1. Subpoenas/Letters

He was in the process of preparing a subpoena for SA [redacted] to serve to Perpetual Savings Bank, concerning the situation.

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Letters were being prepared by his office to send to CLARK CLIFFORD and [redacted] requesting interviews.

2. Federal Grand Jury (FGJ)

AUSA [redacted] anticipated that information would be presented to a FGJ beginning on [redacted]. He requested that SA [redacted] be available on that date to assist him.

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3. Interviews conducted by Investigators for the Federal Reserve Bank (FRB)

AUSA [redacted] wanted SA [redacted] and the writer to review reports of interviews conducted by FRB Investigators and to establish an interview list from same.

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INDEX
P2

29B-WF-171994-38

SW SW
SW

1325015-000-4936

4. Trip to the Middle District of Florida

AUSA [] believes that [], SA [] the writer and himself should travel to the Middle District of Florida twice to meet with AUSA [] and Customs Agent [] [] They will provide an overview of the BCCI Money Laundering case and provide information from that matter which is inter-related to captioned investigation. In addition, [] will arrange for the interviews of [] and []. Both individuals possess information pertinent to captioned case. The first trip has been tentatively scheduled for 5/6/91 and the second for 5/13/91.

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b7C

5. Trip to Europe to interview a potentially important witness

AUSA [] has received preliminary information that [] is aware of a former high ranking BCCI Official who is willing to meet with AUSA [] in Europe to discuss important evidence. AUSA [] requested that SA [] accompany him to Europe should it be determined that such trip could be justified based upon evidentiary value.

b6
b7C

M moraneum



To : SAC, WMFO (29B-WF-171994) (P)

Date 4/26/91

From : SA [redacted] (C-5)

Subject: CLARK CLIFFORD;
ET AL;
BF&E; FAG; CONSPIRACY;
(OO: WMFO)

b6
b7C

On 4/25/91, the writer reviewed records relevant to this matter.

On the above date, [redacted] Federal Reserve Bank (FRB), contacted the writer. [redacted] expressed a concern about the records taken from the FRB to be copied at the USAO. The writer referred [redacted] to AUSA [redacted] District of Columbia.

b6
b7C

Subsequent to the above conversation, the writer contacted AUSA [redacted] and advised him of the contact with [redacted] AUSA [redacted] advised that he would contact [redacted] and discuss this issue. AUSA [redacted] requested that the writer obtain copies of recent articles in New Yorker magazine featuring excerpts from CLARK CLIFFORD'S forthcoming book. He also requested that the writer determine who the publishing company was.

b6
b7C

On that same date, the writer went to the Public Library, Sterling, Virginia. The above requested articles were located and copied. It should be noted that no reference was made in the two articles as to who the publisher of the book was.

29B-WF-171994-39

Su Su

M moraneum



To : SAC, WMFO (29B-WF-171994) (P)

Date 4/26/91

From : *Dut* SA [redacted] (C-5)

b6
b7C

Subject: CLARK CLIFFORD;
ET AL;
BF&E; FAG; CONSPIRACY;
(OO:WMFO)

On 4/26/91, the writer met with AUSA [redacted] and DOJ [redacted]. The writer provided them with copies of New Yorker articles from the 3/25/91 and 4/1/91 issues. Said articles contained excerpts from CLARK CLIFFORD'S forthcoming autobiography. In addition, the writer provided a copy of a Regardie's article, from the current issue about CLIFFORD. AUSA [redacted] advised that his office was in the process of drafting letters for CLIFFORD and [redacted]. Said letters had not yet been finalized.

b6
b7C

(X)

29B-WF-171994-40

Su Su

1525015-000-4939



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No. 29B-WF-171994

1900 Half Street
Washington D. C. 20535

April 22, 1991

CLARK M. CLIFFORD;

[REDACTED]
[REDACTED]
[REDACTED]

dba CREDIT AND COMMERCE AMERICAN HOLDINGS, N.V.;
NETHERLANDS, ANTILLES;
AGHA HASAN ABEDI;

dba BANK OF CREDIT AND COMMERCE, INTERNATIONAL;
BANK FRAUD AND EMBEZZLEMENT;
FRAUD AGAINST THE GOVERNMENT;
CONSPIRACY

The captioned matter was initiated in February 1991, in response to a criminal referral form received from the Board of Governors of the Federal Reserve System, Washington, D.C., alleging that false statements were made to it by the captioned subjects with regard to the ownership and control of Credit and Commerce American Holdings, N.V. (CCAH), Netherlands, Antilles. Among the holdings of CCAH is First American Bankshares (FABS), which owns, among others, First American Bank, WDC. The central allegation was that subjects [REDACTED] were merely nominees for the Bank of Credit and Commerce, International (BCCI) in 1982, when they purchased [REDACTED] FABS' predecessor, Financial General Bankshares (FGB), then traded the FGB shares for shares in CCAH. The purchasing of the shares and the resultant [REDACTED] CCAH was established using loans from BCCI; loans which attorneys for BCCI have now disclosed to the BGFRS were made to the nominees at the direction of AGHA HASAN ABEDI and [REDACTED] for the purpose of gaining control of CCAH, in direct contravention of an agreement between CCAH and the BGFRS that no BCCI financial or managerial participation would occur.

In sworn filings and testimony before the BGFRS in 1978, regarding the efforts of CCAH to purchase FGB, CLARK M. CLIFFORD, and noted WDC attorney, who served as advisor to presidents TRUMAN, KENNEDY, JOHNSON, and CARTER, and as Secretary

of Defense for one year in the JOHNSON administration, and [REDACTED] CLIFFORD's law partner, as attorneys for CCAH, said that the independent wealth of the four arab investors, and none of BCCI's, would be used to purchase the FGB shares. Subsequently, CLIFFORD, [REDACTED] and the other captioned subjects have served as controlling directors of CCAH and FABS, renewing on a yearly basis false claims to the BGFRS that BCCI had no ownership interest in, and exercised no control over, CCAH.

b6
b7C

Knowledge of the false statements came to light after the April 1990, money-laundering conviction of BCCI in the Middle District of Florida. SHEIK ZAYED BIN SULTAN AL-NAHAYAN, the ruler of ABU DHABI and a long time investor in BCCI, acquired control of BCCI by means of a substantial infusion of capital, which approximated \$1 billion. Subsequently, AL-NAHAYAN ordered an audit, apparently done by PRICE WATERHOUSE, which disclosed, inter alia, the BCCI loans to the nominees who purchased the FGB shares. The audit also disclosed that, in 1986, similar loans were made to CLIFFORD and [REDACTED] for the purpose of purchasing shares of CCAH, again in contravention of the edict of the BGFRS. The conditions under which the loans were made to both the Arab nominees and to CLIFFORD and [REDACTED] were essentially the same: although each was required to sign a promissory note and an assignment of collateral - the CCAH shares - each was given a "side letter" saying that there was no requirement to pay either the principal or interest on the loan; that each was only required to hold the stock. In the loans made to CLIFFORD and [REDACTED] the "side letters" further stipulated that, should either choose to sell his shares, a buyer would be provided, and that each was guaranteed a minimum return of what he had paid for the shares and was entitled to any profit. CLIFFORD and [REDACTED] held their shares until approximately March 1988, when each sold a portion of his shares to another nominee of BCCI. Approximately one year later, CLIFFORD and [REDACTED] repaid their loans to BCCI, but still hold a portion of their stock in CCAH.

b6
b7C

Prosecution of this matter is being pursued by the office of the United States Attorney, Washington, D.C.

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 4/22/91

TO : DIRECTOR, FBI
 FROM : SAC, WMFO (29B-WF-171994) (P) (C-5)
 SUBJECT : CHANGED:
 CLARK M. CLIFFORD;

dba CREDIT AND COMMERCE AMERICAN HOLDINGS, N.V.;
 NETHERLANDS, ANTILLES;
 ✓ AGHA HASAN ABEDI;

✓ dba BANK OF CREDIT AND COMMERCE, INTERNATIONAL;
 BF&E; FAG; CONSPIRACY
 OO:WMFO

Re WMFO teletypes to Director, dated 3/12/91 and
 3/13/91.

Title marked CHANGED to indicate addition of
 subjects ABEDI, [redacted] and the BANK OF CREDIT AND COMMERCE,
 INTERNATIONAL.

Enclosed are five copies of an LHM concerning the
 captioned matter.

The investigation of this matter is continuing.
 Presently, documents in the possession of the Board of
 Governors of the Federal Reserve System, Washington, D.C., are
 being reviewed. The agent assigned to the captioned is SA
 [redacted] extension 6418.

3 - FBIHQ (Encs. 5)

1 - WMFO

JNR:das (4)

Searched

Serialized

Indexed

Filed

Approved: _____

Transmitted _____

(Number) (Time)

1325015-000-4942

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 5/2/91

From : SA [redacted] (C-5)

b6
b7C

Subject: CLARK CLIFFORD;
ET AL;
BF&E;
FAG; CONSPIRACY;
(OO: WMFO)

On 4/29/91, the writer was contacted by [redacted] UNIT CHIEF, Financial Institution Fraud Unit, FBIHQ. [redacted] advised that he was the FBI representative to the Bank Working Group. He added that following the meeting on 4/26/91, [redacted] Federal Reserve Bank (FRB), discussed captioned matter with him. Specifically, [redacted] discussed the insistence of AUSA [redacted] to remove records from the FRB for purposes of copying. [redacted] was apprised of details concerning this matter and the necessity of having a working set of copies of the FRB records for evidentiary purposes.

b6
b7C

On 4/30/91, the writer met with [redacted] concerning the status of the copying of FRB records. The writer anticipated that said records should be fully copied and returned to the FRB by 5/3/91. [redacted] stated that if he could be of assistance to so advise him.

b6
b7C

On 4/30/91, the writer met with AUSA [redacted]. The copying of the FRB records was discussed. Once such was completed the writer would begin to review same.

b6
b7C

On 5/1/91, the writer met with DOJ [redacted]. The FRB Attorneys who travelled to London to obtain documents, in this matter, will be returning in the next few days. [redacted] mutually agreed that a conference be scheduled in the next few weeks. The purpose will be to bring the FRB Investigators and DOJ Investigators together in order to discuss the inter-related investigations. [redacted] requested that Unit Chief [redacted] be invited to the meeting. The writer advised [redacted] that if this were an investigative meeting it would be inappropriate for [redacted] to attend the meeting.

b6
b7C

29B-WF-171994 - 44

Su Su

1925015-000-4945

On that same date, the writer was contacted by [redacted] [redacted] advised that the above conference had tentatively scheduled for either 5/20/91 or 5/22/91. [redacted] added that DOJ Fraud Section Chief [redacted] would probably attend the meeting.

b6
b7C

On 5/2/91, the writer contacted Unit Chief [redacted] and apprised him of the above meeting. It was agreed that if this meeting was investigative in nature, than [redacted] should not be involved. However, in the event that [redacted] is involved in the meeting consideration should be given to [redacted] attending as the Bureau Liaison with DOJ. [redacted] left his participation in said meeting to the discretion of WMFO.

b6
b7C

5.2.91
Rec'd 10:00am
KTWb6
b7CFax To: Mr. [REDACTED], FBI
Fax No: (202) 324-6426

RE: [REDACTED] information

Name: [REDACTED]

Date of Birth: [REDACTED]

Place of Birth: Bhopal, IndiaSex: male

Height: 1 meter 85

Weight: 85 kg

Hair Color: Black

Eyes: Brown

Country of Citizenship: Pakistan

Passport: [REDACTED]

Issued in Abu Dhabi July 22, 1980

Race: Eurasian?Religion: Moslem

Address: [REDACTED]

PAKISTAN

ORIGINAL

b6
b7C

29B-WF-171994-45

SEARCHED	INDEXED
Su	Su
SERIALIZED	FILED
Su	Su
MAY 02 1995	
FBI-WASH. METRO FIELD OFFICE	

1325015-000-4947

M moranaum



To : SAC, WMFO (29B-WF-171994) (P)

Date 4/25/91

From : *my* SA [redacted] (C-5)

b6
b7C

Subject: CLARK CLIFFORD;
ET AL;
BF&E; FAG; CONSPIRACY;
(OO: WMFO)

On 4/24/91 the writer and SA [redacted] met with AUSA [redacted] and DOJ [redacted]. AUSA [redacted] advised that he had been in touch with Deputy U.S. Marshall [redacted], New York, concerning the former high ranking BCCI Official who could have significant information relevant to this investigation. AUSA [redacted] provided the following background information for said individual:

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b7C

His name was [redacted]. He was from Pakistan. [redacted] was represented by American Attorney [redacted] was located in the Middle East. [redacted] had been in prison in Abu Dhabi for over 10 years. The Statute of Limitations has expired for anything involving BCCI that [redacted] may have had culpability for. In return for his cooperation with captioned investigation, [redacted] wants immunity from prosecution, relocation to the United States and a reward.

INJ
1/2
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[redacted] was the [redacted]. [redacted] has information concerning First American Bank and two other banks. He was aware of lengthy meetings where discussions were held as to the funnelling of money from Abu Dhabi to the U.S. [redacted] has information involving meetings which involved CLIFFORD and [redacted].

b6
b7C

[redacted] Sheik. He in turn [redacted] Sheik [redacted] Sheik.

b6
b7C

It is alleged that [redacted] has given his story to Regardie's and was paid for same. Regardie's is supposedly waiting for [redacted] to go public before the story is published. It is believed that the KERRY Commission knows about [redacted] and that they have spoken with [redacted]. The KERRY Commission is believed to be getting ready to bring [redacted] to the U.S. to testify in the late spring or early summer.

b6
b7C

29B-WF-171994 -46
Su
Su

1325015-080-4948

AUSA [] is anxious to speak with []. He is attempting to set up a meeting with []. Said meeting if it takes place will likely occur in Europe. In the event that AUSA [] travels to Europe for this meeting, he reiterated his request that SA [] accompany him.

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b7C

AUSA [] discussed the following information:

b6
b7C
b6
b7C

1

[] AUSA [] was aware that [] has been in contact with Federal Reserve Bank (FRB) Attorney [] about records he allegedly had. AUSA [] would like to have [] consensually record conversations with []

2. Xeroxing of FRB records

AUSA [] has made arrangements with [] [] FRB, for the transport of FRB records to the USAO. Said records will be copied and returned to the FRB. AUSA [] requested that the writer coordinate this project.

b6
b7C

3. Interviews

AUSA [] would like to have the following individuals interviewed in the near future:

b6
b7C



Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 5/6/91

From : SA [redacted] (C-5)

b6
b7C

Subject: CLARK CLIFFORD;
ET AL;
BF&E; FAG; CONSPIRACY;
(OO: WMFO)

The writer has been responsible for the transport of records from the Federal Reserve Board (FRB) to the U.S. Attorney's Office, District of Columbia and the return thereof. The purpose was to copy FRB records for investigative purposes. Said records were voluminous. The copies will be maintained at the U.S. Attorney's Office, in the custody of AUSA [redacted]. Set forth below is a log detailing the taking/returning of records to the FRB.

b6
b7C

<u>Date</u>	<u>Activity</u>
4/24/91	Took 4 boxes of records from the Legal Section, at the Old FRB Building. Such contained documents submitted to the FRB.
4/24/91	Took 1 box of records from the Office of Bank Supervision, at the New FRB Building. This box was sealed. It contained documents which may be privileged. It was not copied and will not be reviewed. It will remain sealed and in the custody of AUSA [redacted]
4/25/91	Returned 2 boxes of records to the Old FRB Building.
4/26/91	Returned 2 boxes of records to the Old FRB Building.
4/26/91	Took 4 boxes of records from the Office of Bank Supervision, at the New FRB Building. Such contained FRB investigative files.
4/29/91	Returned records to the New FRB Building that were taken on 4/26/91.

b6
b7C

29B-WF-171994 - 47

SM SM

1225015-000-466
b6
b7C

- 4/29/91 Took 5 boxes of records from the Office of Bank Supervision, at the New FRB Building. Such contained FRB investigative files.
- 5/01/91 Returned records to the New FRB Building that were taken on 4/29/91.
- 5/01/91 Took 1 box of records and a set of binders from the Office of Bank Supervision, at the New FRB Building. Such contained FRB investigative files.
- 5/06/91 Returned records to the New FRB Building that were taken on 5/01/91.

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/8/91

[redacted] date of birth [redacted]
social security number [redacted] address [redacted]

b3
b6
b7C

[redacted]

[redacted]

b3
b6
b7C

[redacted]

b3
b6
b7C

[redacted]

b3
b6
b7C

[redacted] a

b3
b6
b7C

[redacted]

b3
b6
b7C

[redacted] he was
told this while he was in the [redacted] area to testify for
the Federal Grand Jury.

Investigation on 5/7/91

at

[redacted]

29B-WF-171994 - 48b6
b7C
b3by SA

[redacted]

Date dictated 5/8/91

Continuation of FD-302 of

, On 5/7/91 , Page 2

b3
b6
b7C

b3
b6
b7C

b3
b6
b7C

b6
b7C

```
sex: female
race: black
height: 5 foot 3 inches/ 5 foot 4 inches
build: medium
complexion: light brown
hair: black, short and curly
vehicle:
employment:
```

b6
b7C

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/8/91

[redacted] date of birth [redacted]
 social security number [redacted] address [redacted]
 [redacted]

b6
 b7C
 b3

[redacted]
 [redacted]

b6
 b7C
 b3

[redacted]
 [redacted]

b6
 b7C
 b3

[redacted]
 [redacted]

b6
 b7C
 b3

[redacted]
 [redacted]

b6
 b7C
 b3

[redacted]
 [redacted]

b6
 b7C
 b3

Investigation on 5/7/91 at [redacted] # 29B-WF-171994

b6
 b7C
 b3

by SA [redacted] Date dictated 5/8/91

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

SEARCHED INDEXED
 SERIALIZED FILED
 MAY 10 1991
 FBI - NEW YORK
 1325015-000-4954
 100

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 5/8/91

TO : SAC, WMFO (C-5 NVMRA)
 FROM : SAC, MIAMI (29B-WF-171994)(RUC)
 SUBJECT : CLARK M. CLIFFORD;
 et al;
 BF&E;FAG
 oo:WMFO

Reference WMFO airtel to Miami dated 4-9-91.

Enclosed for WMFO is one original and two copies of an FD-302 regarding the interview of [REDACTED]. Also enclosed is a 1A envelope containing a photograph of [REDACTED].

[REDACTED] was interviewed about [REDACTED] and [REDACTED] but he refused to give any specific information regarding either. [REDACTED] claims he does not recall any specifics about the location where [REDACTED] resided even though he spent much time there over the year he was dating [REDACTED].

[REDACTED] did indicate that he has current information regarding [REDACTED] whereabouts in the Atlanta area, (at least a current phone number) however, he refused to disclose this information claiming she did not want to talk to anyone about this matter. He did state he would contact her and have her call the interviewing agent.

②-WMFO (enc.- 4) *hus*
 1-MIAMI

KM:km
 (3)

29-WF-171994-49

SEARCHED	INDEXED
SERIALIZED <i>Su</i>	FILED <i>Su</i>
MAY 13 1991	
Per [REDACTED]	

Approved: *WAG* *AA*

Transmitted

(Number)

OFFICE

1325015-000-4956

[] provided a photograph of himself willingly but was hesitant to advise any other information about himself, especially a current address.

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b7c

Since there are no investigative leads pending, Miami considers this case RUC'd.

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 5/8/91

TO : SAC, WMFO (C-5 NVMRA)
 FROM : SAC, MIAMI (29B-WF-171994) (RUC)
 SUBJECT : CLARK M. CLIFFORD;
 et al;
 BF&E;FAG
 oo:WMFO

Reference WMFO airtel to Miami dated 4-9-91.

Enclosed for WMFO is one original and two copies of an FD-302 regarding the interview of [redacted]. Also enclosed is a 1A envelope containing a photograph of [redacted].

[redacted] was interviewed about [redacted] and [redacted] but he refused to give any specific information regarding either. [redacted] claims he does not recall any specifics about the location where [redacted] resided even though he spent much time there over the year he was dating [redacted].

[redacted] did indicate that he has current information regarding [redacted] whereabouts in the Atlanta area, (at least a current phone number) however, he refused to disclose this information claiming she did not want to talk to anyone about this matter. He did state he would contact her and have her call the interviewing agent.

②-WMFO (enc.- 4)
 1-MIAMI

KM:km
 (3)

29B-WF-171994-49
 Su Su

Approved: _____

Transmitted _____

Per _____

(Num _____)

b6
 b7C

1325015-000-4958

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 5/15/91

TO : DIRECTOR, FBI
 ATTN: VISUAL INVESTIGATIVE ANALYSIS UNIT, CID

FROM : SAC, WMFO (29B-WF-171994) (P) (C-5)

SUBJECT : CLARK M. CLIFFORD;
 ET AL;
 BF&E; FAG;
 CONSPIRACY;
 (OO: WMFO)

Request of the Bureau: The Visual Investigative Analysis Unit, Criminal Investigative Division, is requested to provided assistance in this matter. Specifically needed are flow charts and link analysis information. This case is a significant and complex documentary investigation. It involves a voluminous amount of records. Such include documents obtained from the Federal Reserve Board (FRB), information obtained from a joint ☐ Customs Investigation, print media articles and records/interviews from captioned investigation. It should be noted that due to the stature of individuals and financial institutions involved in this matter, national media attention has been focused on this case. As the investigation progresses it is anticipated that media attention will intensify.

Synopsis: This matter was predicated on the receipt of a criminal referral from the FRB. It was alleged that false statements were made to the FRB with regard to the ownership of Credit and Commerce American Holdings (CCAH). Among the holdings of CCAH is First American Bankshares (FABS), which owns among others, First American Bank (FAB). The central

3-FBIHQ
 2-Visual Investigative Analysis Unit, CID
 1-Financial Institutions Fraud Unit, CID
 1-WMFO
 (DML)

29B-WF-171994

Approved: _____ Transmitted _____
 (Number) (Time)

Per _____

Filed _____
 1325015-000-4961

b7E

57

Hand Carried to FBI HQ 5-16-91

GL

allegation was that the principal share holders of CCAH were merely nominees for the Bank of Credit and Commerce, International (BCCI) in 1982, when they purchased controlling interest in FABS' predecessor, Financial General Bankshares (FGB). The FGB shares were then traded for shares in CCAH. The purchasing of the shares and the resultant control of CCAH was established using loans from BCCI. The loans were made by BCCI for the purpose of gaining control of CCAH. Such was in direct contravention of an agreement between CCAH and the FRB. According to said agreement, BCCI was to have no financial or managerial participation in CCAH. Subjects in this matter include CLARK M. CLIFFORD, a prominent Washington, DC, Attorney and his [REDACTED] CLIFFORD has served as an Advisor to Presidents TRUMAN, KENNEDY, JOHNSON and CARTER. CLIFFORD also served as Secretary of Defense in the JOHNSON Administration. Other prominent individuals involved in this matter include Sheik ZAYED BIN SULTAN AL-NAHAYAN, the Ruler of Abu Dhabi, GHAITH PHARAON and BERT LANCE, former Director of Management and Budget under President CARTER. Additional criminal referrals related to this matter are expected to be made by the FRB.

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b7C

Administrative: WMFO has assigned two SA'S to investigate this matter on a full time basis. In addition, two Prosecutors have likewise been assigned on a full time basis, one AUSA from the District of Columbia and one Trial Attorney from the Fraud Section, DOJ. U.S. Attorney JAY STEVENS considers this a high priority within his office and has been personally involved in the direction of this investigation.

Memorandum



To : File

From SA



(29B-WF-171994) (P)

(serial # is mandatory when control file is used)

b6
b7C

Subject : DR. GHATH PHARAON

1. Source of Captioned Matter:

- ☒ A: Federal Supervisory Agency Written Referral
☐ B: Financial Institution Written Referral
☐ C: Other

2. Name of Victim Financial Institution: FEDERAL RESERVE BANK

3. Type of Victim Institution:

- ☐ A: FDIC ☐ D: Savings Association
☐ B: OCC ☐ E: Credit Union
☒ C: FRB ☐ F: Farm Credit Institution

Copy filed
 Sub Aug 3

4. State Victim Institution Located: (two letter identifier) DC

5. Type of Subject(s):

- ☐ A: Insider ☐ C: Outsider
☒ B: Insider & Outsider ☐ D: Unknown

6. A: Amount of Reported Loss (before restitution, if any) 0B: Amount of Reported Restitution (if any) 0

7. Action taken:

- ☐ A: case opened/or reopened
☒ B: incorporated into pending investigation
☐ C: no action due to state or local prosecution
☐ D: amount of loss does not meet prosecutive guidelines
☐ E: Federal violation is handled by another Federal agency or FBI squad
☐ F: matter was presented to USA and prosecution was declined
☐ G: initiation of investigation delayed due to current unavailability of resources
☐ H: Financial Institution Fraud, within the FBI's jurisdiction, referred to U. S. Secret Service
☐ I: No apparent Federal Violation

29B-WF-171994-53
 Searched _____
 Serialized Su
 Indexed _____
 Filed Su

Refer to MIOG, Section 29-6.1, for reporting and notification requirements upon receipt of criminal referrals in financial fraud matters.

CA

Memorandum



To : File

From SA



(29B-WF-171994) (P)

(serial # is mandatory when control file is used)

b6
b7c

Subject : ~~DISCREPANCY IN PLACERON~~
BCCI HOLDING (LUXEMBOURG) S.A.

1. Source of Captioned Matter:

- ☒ A: Federal Supervisory Agency Written Referral
☐ B: Financial Institution Written Referral
☐ C: Other

2. Name of Victim Financial Institution: FEDERAL RESERVE BANK

3. Type of Victim Institution:

- ☐ A: FDIC ☐ D: Savings Association
☐ B: OCC ☐ E: Credit Union
☒ C: FRB ☐ F: Farm Credit Institution

4. State Victim Institution Located: (two letter identifier) DC

5. Type of Subject(s):

- ☐ A: Insider ☐ C: Outsider
☒ B: Insider & Outsider ☐ D: Unknown

6. A: Amount of Reported Loss (before restitution, if any) 0
 B: Amount of Reported Restitution (if any) 0

7. Action taken:

- ☐ A: case opened/or reopened
☒ B: incorporated into pending investigation
☐ C: no action due to state or local prosecution
☐ D: amount of loss does not meet prosecutive guidelines
☐ E: Federal violation is handled by another Federal agency or FBI squad
☐ F: matter was presented to USA and prosecution was declined
☐ G: initiation of investigation delayed due to current unavailability of resources
☐ H: Financial Institution Fraud, within the FBI's jurisdiction, referred to U. S. Secret Service
☐ I: No apparent Federal Violation

29B-WF-171994-55
 Searched _____
 Serialized Su
 Indexed Su
 Filed Su

Refer to MIOG, Section 29-6.1, for reporting and notification requirements upon receipt of criminal referrals in financial fraud matters.

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 5/21/91

From : SA [redacted] (C-5)

Subject: CLARK CLIFFORD;
ET AL;
BF&E;
FAG; CONSPIRACY;
(OO: WMFO)

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b7C

On 5/14/91, the writer contacted the Office of Congressional Affairs, FBIHQ. The writer was referred to SSA [redacted] SSA [redacted] was not available at that time.

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On 5/15/91, attempt to contact SSA [redacted] met with negative results.

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[redacted] On 5/16/91, the writer discussed this matter with SSA [redacted]. The following was addressed:

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1. The KERRY Sub-Committee hearings dating back to 1988, addressing the Tampa money laundering case. SSA [redacted] was requested to obtain transcripts from pertinent hearings, to include the testimony of [redacted]. The Committee chaired by KERRY was the Sub-Committee on Terrorism and Narcotics.

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2. The writer alerted SSA [redacted] to potential hearings which will probably involve this matter. Such will include the KERRY Committee and the [redacted] Committee, The House Banking Committee.

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3. The writer discussed the contact of [redacted] Committee Counsel, House Banking Committee, with SA [redacted], Treasury Department concerning (FNU) [redacted]. SSA [redacted] was requested to contact [redacted] about same.

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29B-WF-171994-58

SN
SN

1325015-000-4001

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b7C

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 5/21/91

From : SA [redacted] (C-5)

b6
b7C

Subject: CLARK CLIFFORD;
ET AL;
BF&E; FAG; CONSPIRACY;
(OO: WMFO)

On 5/17/91, the writer reviewed records pertinent to this matter.

On 5/20/91, the writer contacted the Accounting Firm of Ernst and Whinney, New York. It was determined that the firm has merged with Arthur Young. The new firm name is Ernst and Young. The writer spoke with General Counsel, [redacted] at telephone [redacted] was familiar with the BCCI account due to the money laundering case in Tampa. [redacted] advised that basically BCCI was a United Kingdom client. He added that Deputy General Counsel [redacted] coordinated this matter with the USA in Tampa. [redacted] is located in Cleveland, Ohio, at telephone [redacted]

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On that same date, attempts to contact [redacted] Kidder Peabody, New York, telephone [redacted], met with negative results.

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On 5/21/91, the writer contacted [redacted] was provided with an overview of the information needed from [redacted]. He requested that whatever documentation can be provided, including invoices, account numbers and individuals involved, would be helpful. The writer disclosed to [redacted] that a FGJ subpoena would be forthcoming in this matter.

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29B-WF-171994-59

SW

SW



1325015-000-
[Signature]

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29BWF-171994 - 60

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su

[Handwritten signature]



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b7C

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 5/21/91

From : SA [redacted] (C-5)

b6
b7C

Subject: CLARK CLIFFORD;
ET AL;
BF&E; FAG; CONSPIRACY;
(OO: WMFO)

On 5/20/91, a meeting was held at the office of the U.S. Attorney, District of Columbia. In attendance were AUSA [redacted], DOJ [redacted] SA [redacted] and the writer. AUSA [redacted] advised that tentative dates had been set for the appearance of CLARK CLIFFORD and [redacted] before the FGJ. Said dates were 6/12/91 for CLIFFORD and 6/14/91 for [redacted]

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[redacted] provided a detailed overview of what was contained in the Federal Reserve Board (FRB) documents. It was mutually agreed that each of us should review the FRB records.

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AUSA [redacted] would like to schedule a 2 day trip to New York to conduct interviews and contact the banks and other concerns at New York. The trip has tentatively been scheduled for 5/29 and 30/91.

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On 5/21/91, the writer was contacted by Tampa Customs Agent [redacted] advised that he still had additional debriefings scheduled with [redacted]. He anticipated preparing his report of the overall debriefing in mid-June. [redacted] also advised that the [redacted] debriefing was not progressing very well. [redacted] voiced his concern about recent contacts between the Office of the U.S. Attorney, Tampa and the District Attorney in Manhattan. The new AUSA at Tampa was considering being cross-designated as an ADA and presenting information to the New York City FGJ to be used locally and federally. The writer and [redacted] disagree with same.


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On that same date, the above information was discussed with AUSA [redacted] AUSA [redacted] stated that he had become aware of the above facts earlier this date and that discussions were held between the offices of U.S. Attorney for the District of Columbia and Tampa. AUSA [redacted] concurred with the writer's position and advised that his recommendation was that the two investigations (local and federal) should remain separate and distinct.

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29B-WF-171994 -61

Su Su
Su Su

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b7C

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 5/21/91

From : SA [redacted] (C-5)

b6
b7C

Subject: CLARK CLIFFORD;
ET AL;
BF&E; FAG; CONSPIRACY;
(OO: WMFO)

On 5/6/91 and 5/7/91, respectively, the writer reviewed media reports relevant to this matter. In addition the writer reviewed all Reports of Interview (ROI) as provided by Investigators for the Federal Reserve Board (FRB).

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On 5/7/91, the writer and SA [redacted] travelled to Tampa, Florida, to meet with representative of the [redacted] and Customs concerning their BCCI money laundering investigation.

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On the above date, the writer and SA [redacted] met with AUSA [redacted] and DOJ [redacted]. Said meeting took place in Tampa. Discussed was the investigative schedule in Tampa.

INDEX

On 5/8/91, the above individuals met with [redacted] CID, SA'S [redacted] at the [redacted] office, 2203 North Lois Ave, Suite 308, Tampa, Florida 33607, telephone (813)228-2047. AUSA [redacted] presented an overview of the focus of our investigation. Thereafter [redacted] provided a briefing of the joint [redacted] Customs money laundering case. [redacted] focused on specific individuals/interviews that appeared to be germane to our investigation. [redacted] provided [redacted] with a listing/inventory of subpoenaed records and evidence. [redacted] advised that in addition, Customs had evidence in their possession which would be beneficial to us. [redacted] provided copies of [redacted] memorandums of interviews of [redacted] (Said memos have been designated to Sub-File N). [redacted] described information provided to him by a Confidential Informant (CI) that he had in New York. Based on his description of the CI, the writer knew who the CI was. Said CI was [redacted] that the writer developed while assigned to New York.

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On the above date, the writer contacted SA [redacted] NYO. SA [redacted] is the SA operating the above [redacted] stated that he would contact the source and make him available to the writer. Subsequently the writer contacted SA [redacted] who advised that the source was expecting the writer to contact him.

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On that same date, AUSA [] SA [] and the writer met with the Customs Agents assigned to the case in Tampa. Specific details concerning that meeting were reported by SA []

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On 5/9/91, the above individuals met with Customs Agent [] took us to the Hernando County Jail, where we met with [] was interviewed concerning his knowledge of the relationship between BCCI and First American Bank. Specific attention was focused on his knowledge of BCCI's dealings with CLARK CLIFFORD and [] It should be noted that this interview was conducted in conjunction with ongoing debriefings of [] with respect to the money laundering cases in Miami and Tampa. It was mutually agreed that the official report of interview would be prepared by []. This will be done after the debriefing process has been completed. [] anticipated that he would ^{complete} begin this process in early June, 1991.

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On the above date, AUSA [] and SA [] departed Tampa and returned to Washington, D.C. for the purpose of interviewing [] on 5/10/91.

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On 5/10/91, [] and the writer reviewed records at the offices of the [] and Customs. Copies of the Customs transcript index and synopsis of recordings were furnished to [] Other Customs records/evidence will be forwarded to Washington, D.C., by Customs.

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On that same date, the writer contacted [] Results of same were reported per appropriate insert/FD-209.

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On that same date, [] and the writer returned to Washington, D.C.

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Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 5/21/91

From : *[Signature]* SA [redacted] (C-5)

b6
b7C

Subject: CLARK CLIFFORD;
ET AL;
BF&E; FAG; CONSPIRACY;
(OO: WMFO)

On 5/13/91, the writer reviewed documents relevant to this matter.

On that same date, a meeting was held at the office of the U.S. Attorney, District of Columbia. In attendance were AUSA [redacted] DOJ [redacted] U.S. Deputy Marshall [redacted] SA [redacted] and the writer. The purpose of this meeting was to discuss the potential interview and value thereof for [redacted]. During the meeting AUSA [redacted] and SA [redacted] spoke via overseas telephone with [redacted] Attorney, [redacted] and subsequently with [redacted]. Specific information from said conversations will be reported by SA [redacted]. No firm date or location was established for the interview.

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Subsequently, on that same date, AUSA [redacted] SA [redacted] and the writer met. The investigation, to date, was discussed in detail for lead purposes. The [redacted] and [redacted] interviews were reviewed at length.

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On 5/14/91, the above individuals met to complete the investigative review for lead purposes. As a result, AUSA [redacted] stated that he would prepare a lead list and requested that we meet again to discuss same on 5/17/91.

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29B-WF-171994-62

[Handwritten initials]

1325015-000-4208

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Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 5/21/91

From : SA [redacted] (C-5)

Subject: CLARK CLIFFORD;
ET AL;
BF&E; FAG; CONSPIRACY;
(OO: WMFO)

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On 5/8/91, while the writer was with [redacted] CID, SA [redacted] contacted former BCCI official [redacted] had previously travelled to Tampa and was interviewed by [redacted] SA [redacted] advised [redacted] of captioned investigation. [redacted] expressed an interest in discussing this matter with the writer. Arrangements were made for the writer to contact [redacted] at his business telephone in Belview, Washington [redacted]

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On 5/13/91, the writer attempted to contact [redacted] Said attempt met with negative results. It was determined that [redacted] was away on a business trip.

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On 5/20/91, [redacted] attempted to contact the writer. Said contact was negative. [redacted] left a message that he again had to travel on business and would not be back until 5/24/91.

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~~INDEX~~

29B-WF-171994-63

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FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 5/22/91

1 TO : ADIC, NEW YORK
 2 ATTN: SA [] (C-3)
 3 FROM : SAC, Washington Field Office (137D-23067)
 4 SUBJECT : []

5 Re: Tel calls between WMFO SA [] and
 6 NY SA []

7 Enclosed for New York are an original FD-209, an
 8 original insert and copies thereof. Said enclosures reflect
 9 contact with captioned New York source. The enclosures are
 10 self explanatory.

11 For the information of New York, [] is
 12 knowledgeable of information relevant to a WMFO investigation
 13 entitled "CLARK CLIFFORD; ET AL", (29B-WF-171994). WMFO Case
 14 Agent anticipates additional source contacts. Such contacts
 15 will be coordinated with SA []

16 *Insert placed*
 17 *in sub D*
 18 *DML*

19 2-New York (encls. 4)
 20 1-WMFO (29B-WF-171994)
 21 DML

DML

29B-WF-171994-64

Su Su

Approved: _____

Transmitted _____

(Number)

(Time)

Per _____

5015-000

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FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

- ☒ Immediate
☐ Priority
☐ Routine

- ☐ Top Secret
☐ Secret
☐ Confidential
☐ Sensitive
☒ Unclassified

Time Transmitted: 11:39
 Sender's Initials: KH
 Number of Pages: 15

To: FBIHQ CED, WCCS, FIFU
(Name of Office)

Date: 5/23/91

Facsimile number: 324-6492

Attn: SSA

(Name)

Room

Telephone No.)

From: SAC, WMFO (29B-WF-171994)
(Name of Office)

Subject: CLARK M. CLIFFORD,
et al

Special Handling Instructions: Hand carry to SSA
(per telcall)

Originator's Name: SA

Telephone: 324-6418

Originator's Facsimile Number: 324-6426

Approved: [Signature]

29B-WF-171994

SEARCHED INDEXED
SERIALIZED FILED

24 1991

FEDERAL BUREAU OF INVESTIGATION

1325015-000-4991

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FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

- ☒ Immediate
☐ Priority
☐ Routine

- ☐ Top Secret
☐ Secret
☐ Confidential
☐ Sensitive
☒ Unclassified

Time Transmitted: 8:40Sender's Initials: KHNumber of Pages: 2To: FBIHQ, CID, WCCS, FIFU
(Name of Office)Date: 5/23/91Facsimile number: 324-6492Attn: SSA

(Name)

Room

Telephone No.)

From: SAC, WMFO

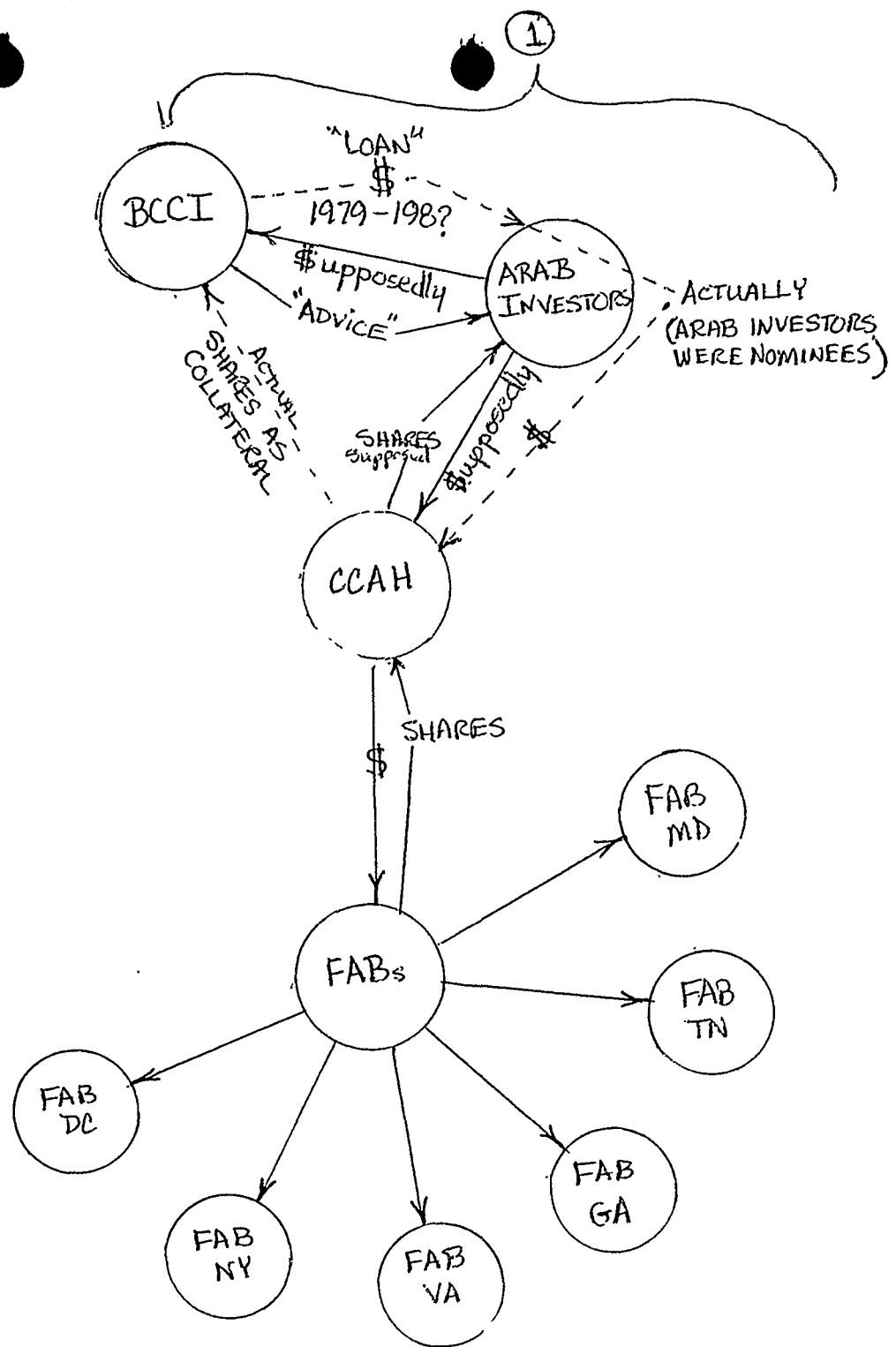
(Name of Office)

Subject: Charles Clifford
FAACSpecial Handling Instructions: Hand carry to
SSA (AS PER PHONE CALL)Originator's Name: SSATelephone: 324-6404Originator's Facsimile Number: 324-6426Approved: D/CO

29B-WF-171994

SEARCHED	INDEXED
SERIALIZED	FILED
MAY 24 1991	
FBI	5015-000

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b7Cb6
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① By means of a series of nominee purchases, ARAB "investors" common to both BCCI and CCAH, ^{supposedly} acquire controlling interest in FABs, when actually their money was derived from BCCI "loans". Using the same method, BCCI's money was used by the "investors" to infuse capital to allow FABs to expand.

② Clifford and [] "loaned" money by BCCI to buy shares of CCAH in 1986-87. In 1988, BCCI, using nominee, bought back about half of CCAH's shares at about 3 times what they originally "paid".

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1325015-000-4996



FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

- ☒ Immediate
☐ Priority
☐ Routine

- ☐ Top Secret
☐ Secret
☐ Confidential
☐ Sensitive
☒ Unclassified

Time Transmitted: 12:00
 Sender's Initials: KTW
 Number of Pages: 3

To: NEW YORK (SQUAD C-3) Date: 6-12-91
 (Name of Office)

Facsimile number: 212-335-2745

Attn: SSA [Redacted] (C-3)
 (Name) (Room) (Telephone No.)

From: WMFO (C-5)
 (Name of Office)

Subject: CLARK MCADAMS CLIFFORD; ETAL;

BF+E;

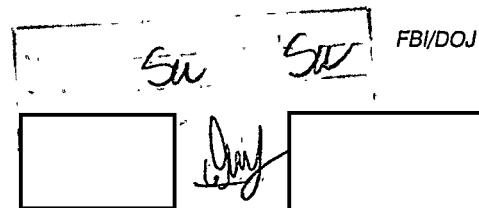
OO:WMFO

Special Handling Instructions: SERVE FACSIMILE COPY OF SUBPOENA ASAP.
ORIGINAL WILL BE FORWARDED VIA OVERNIGHT MAIL. SUMMARY
TELETYPE TO FOLLOW.

Originator's Name: [Redacted] Telephone: 202-324-6409

Originator's Facsimile Number: 202-324-6426

Approved: [Signature]



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5-000-5003

United States District Court

IN

DISTRICT OF

TO:

SUBPOENA TO TESTIFY BEFORE GRAND JURY

IN RE: POSSIBLE VIOLATIONS OF
18 U.S.C. § 1005

SUBPOENA FOR:

YOU ARE HEREBY COMMANDED to appear and testify before the Grand Jury of the United States District Court at the place, date, and time specified below.

PLACE

COURTROOM

DATE AND TIME

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):*

☐ Please see additional information on reverse.

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

U.S. MAGISTRATE OR CLERK OF COURT

DATE

Nancy M. Mayer-Whittington, Clerk

June 12, 1991

This subpoena is issued upon application
of the United States of America

DOJ, Frauds
Economic Crime, Criminal Division
United States Attorney's Office, 5th Floor
Washington, D.C.

(2) "Fees and mileage need not be tendered to the witness upon service of a subpoena issued on behalf of the United States or an officer or agency thereof (Rule 45(c), Federal Rules of Civil Procedure; Rule 17(d), Federal Rules of Criminal Procedure) or on behalf of certain indigent parties and criminal defendants who are unable to pay such costs (28 USC 1825, Rule 17(b) Federal Rules of Criminal Procedure)".

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 6/12/91

TO : ADIC, NEW YORK (C-3)
 FROM : SAC, Washington Field Office (29B-WF-171994) (P)
 SUBJECT : CLARK McADAMS CLIFFORD; AKA CLARK M. CLIFFORD;
 CLARK CLIFFORD; ET AL;
 BF&E; FAG;
 (OO: WMFO)

Re: Tel calls between WMFO SA [redacted] and
 NY SA [redacted] on 6/11 and 6/12/91, WMFO facsimile to NY,
 dated 6/12/91 and WMFO teletype to NY, dated 6/12/91.

Enclosed for New York is an original Federal Grand
 Jury (FGJ) Subpoena, commanding the appearance of [redacted]
 before a FGJ, in the [redacted] at [redacted]

Leads:

New York, at New York, New York:

Will serve the enclosed original FGJ Subpoena to

[redacted] telephone

[redacted] The yellow copy of the subpoena should serve as
 the return copy.

2-New York (encls. 2)

①-WMFO

Jay

29B-WF-171994-69

Approved: _____ Transmitted _____
 (Number) (Time)

Searched

Serialized

Indexed

Filed

1325015-000-5006

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 6/14/91

From : SA [redacted]

Subject: CLARK MC ADAMS CLIFFORD, aka;
et al;
BF&E; FAG
OO:WMFO

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On 5/28/91, SA [redacted] and I. along with AUSA [redacted] WDC, and DOJ [redacted] met with [redacted] and [redacted] of the Board of Governors of the Federal Reserve System (BGFRS), 20th and C Streets, N.W., WDC. The purpose for this meeting was to discuss the progress being made by the BGFRS in its BCCI-related investigation and the status of the BGFRS' attempt to acquire BCCI documents from the latter's headquarters in Abu Dhabi.

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Special Counsel [redacted] reported that the documents were sent from Abu Dhabi to London, England, to the attorneys for BCCI. Subsequently, the Bank of England ordered BCCI to turn the documents over to the BGFRS. This was done in two submissions, one consisting of approximately 6,000 documents, and another of approximately 1,200. An additional 2,000 documents remain in London, England, pending a determination of whether their release will violate bank secrecy laws in various jurisdictions. Currently, [redacted] are reviewing the documents thus far received. According to [redacted] these documents are "not in perfect shape," i.e., they are out of order with regard to the matters to which they pertain, and [redacted] are making "an effort to clean them up," [redacted] said.

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The next investigative step to be taken by the BGFRS is to depose [redacted] on Monday, June 3, CLARK CLIFFORD on June 5, [redacted] on June 7, and on some future date, [redacted] who is represented by [redacted]. These depositions are part of the BGFRS' preparation for seeking civil-money penalties and restitution orders against [redacted] CLIFFORD, and the law firm of CLIFFORD & WARNKE.

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1 - SAC, WMFO
JNR:das
(1)

*29B-WF-171994-70
su su*

Q2

1325015-000-5007

Next, [] summarized and characterized the BCCI documents. They include such things as nominee agreements, handwritten notes, and account statements, all tending to show that BCCI had control over the management of CCAH and its subsidiaries. Their continuing review of these documents has disclosed such things as BCCI "coordinating committee" minutes which document the presence of both National Bank of Georgia and First American Bank/New York personnel on the committee, and that the committee was reporting to both BCCI and First American Bankshares (FABS). Present from First American Bank/New York, were [] and from First American Bank/Georgia were [] (now in Hong Kong), [] (phonetic), and []. The minutes show the meeting occurred in or about November 1985, predating the acquisition of NBG, and report discussions about the move of NBG from ownership by GHAITH PHARAON to FABS. A corroborative witness concerning the coordinating committee's activities, [] said, would be [] (phonetic), currently employed at the Meridian Bank of New York, but who was secretary to the coordinating committee in Miami, Florida, at the time of the meeting, and who told the BGFRS of the minutes and that [] was present during the meetings. Another possibly-corroborative witness is [] currently in custody in the Middle District of Florida.

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The move to change from ownership by PHARAON to that of FABS was based in large part on PHARAON's company, REDEC, defaulting on a large BCCI loan. With regard to the sale of NBG to FABS, [] an attorney at CLIFFORD & WARNKE, prepared and maintained the stock-transfer records. Concerning the rights-offering to finance FABS' purchase of NBG, [] and [] found a facsimile transmission from [] to [] putting the latter on notice that the [] family was going to pay \$6,096.00 per share of the CCAH stock to be offered. The day before the exercising of that option, [] and CLIFFORD purchased their CCAH stock at \$2,016.00 per share.

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[] have discovered some circumstantial evidence that CLIFFORD and [] knew of the nominee status of the CCAH investors. An example would be a June, 1986 letter from CLIFFORD to AGHA ABEDI, covering a memorandum from the law firm, and advising ABEDI of the need to exercise care in that NBG purchase. Another group of documents are schedules prepared by [] to show amounts required to cover [] and CLIFFORD's taxes and other expenses incurred by virtue of the gain in the value of their stock. Other documents attest to the fact that BCCI had a set plan for using nominees everywhere in the world.

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[] then summarized their findings with regard to BCCI's acquisition of CCAH. In or about April 1977, the "Middendorf Group" bought out the former owner of Financial

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General Bankshares (FGB). General [redacted] and then, probably through [redacted]. In a 1/30/78 memorandum located by [redacted] reports to ABEDI that BCCI is buying stock in FGB and has two names, [redacted] but needs two others. The memo reportedly goes on to state, "Our friend (i.e., [redacted]) recommends that CLIFFORD be hired, inasmuch as CLIFFORD has "blessed" the acquisition.

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Also found among the documents in Abu Dhabi were letters to [redacted] and CLARK CLIFFORD from applicants for the position of CEO at FGB. The responses to those letters, which also were found, said that [redacted] and CLIFFORD were "sending them on to the appropriate person (i.e., ABEDI)."

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[redacted] reported that, when interviewed by him and [redacted] the former CEO at FAB/NY, said that BCCI was "close" to FAB/NY and NBG. He also told them that no money could have moved into or out of FAB without his knowing it. However, they subsequently discovered that \$45 million had gone into an ICIC Certificate of Deposit (CD), and that [redacted] had not known either of ICIC or the money. FABS [redacted] subsequently told [redacted] that [redacted] had ordered the transfer.

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CLIFFORD's and [redacted] 1986 stock purchase was made with a loan from BCCI, after [redacted] had tried to change the loan proposal. [redacted] (a law firm specializing in mergers and acquisitions) had negotiated with [redacted] with regard to a loan to [redacted] and CLIFFORD. At the "last minute" however, sometime just prior to July 25, 1986, i.e., the rights-offering date, [redacted] sent [redacted] a new loan proposal, saying that [redacted] and CLIFFORD wanted a loan to be of the "non-recourse" variety. [redacted] responded by sending a letter to [redacted], saying "That was not our deal"; that [redacted] did not want CCAH stock anyway, and much less so as the only security in the deal.

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The BGFRS anticipates filing its "notice of charges" against BCCI by the end of July 1991. Subsequently, BCCI will have a right to a hearing.

[redacted] reported having received a letter from [redacted] claiming that the entire matter, i.e., that he allegedly was only a BCCI nominee, was "a fabrication." [redacted] protested that he had not been loaned any money; that the stock in CCAH was his and that he wanted it back.

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I initiated a discussion of the need to be able to attribute to the various sources the records being brought from Abu Dhabi. The BGFRS' response was that, although these documents came from BCCI in Abu Dhabi, they had been gathered from various points, e.g., the basements in [redacted] and ABEDI's residences and other BCCI offices throughout the world. The

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discussion then continued on the topic of authentication of these records, which, it was ultimately decided, might be a problem. The meeting was concluded at this point.

Upcoming investigation by SA [] and myself, along with AUSA [] and [] includes interviews of [] in New York, New York, beginning on 5/29/91, and also includes a contact of SA [] former source, who is still active in the New York Division as [] (NY case agent, SA [] concurs with contact), and with security personnel of KIDDER PEABODY.

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On 5/29/91, SA [] and I, accompanied by AUSA [] and [] traveled to New York and conducted the planned investigation between May 29-31, 1991.

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READ 2257/165
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C-5

RR RUCNFB FBIWMFC

DE FBINY #0044 1680403

ZNR UUUUU

R 142333Z JUN 91

FM FBI NEW YORK (29B-WF-171994) (RUC)

TO DIRECTOR FBI/ROUTINE/

FBI WMFO/ROUTINE/

BT

UNCLAS

CITE: //3540//

SUBJECT: CLARK MCADAMS CLIFFORD; ET AL; BFE; OO: WMFO.

RE WMFO (C-5) FAX TO NEW YORK (C-3) JUNE 12, 1991.

REFERENCED FAX REQUESTED PERSONAL SERVICE OF ATTACHED SUBPOENA
TO [REDACTED] NEW YORK DIVISION CONTACTED [REDACTED] JUNE 13, 1991.

TO REQUEST ARRANGEMENTS FOR PERSONAL SERVICE OF SUBPOENA. [REDACTED]

REQUESTED THAT THE SUBPOENA NOT BE PERSONALLY SERVED AND THAT THE

SUBPOENA BE FAXED TO HIS ATTORNEY, [REDACTED] MIAMI, FLORIDA [REDACTED]

[REDACTED] FAX [REDACTED] REQUESTED THAT HE RECEIVE NO

VISITORS INASMUCH AS IT MAY AROUSE SUSPICION AT THIS CURRENT

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29B-WF-171994-91

SEARCHED	INDEXED
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JUN 17 1991	
FBI FIELD OFFICE	

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1325015-000-5011

EMPLOYER. NEW YORK DIVISION SUBSEQUENTLY RECEIVED A TELEPHONE CALL FROM [] WHO ADVISED THAT FAXED SERVICE TO HIS OFFICE WOULD BE SATISFACTORY AND GUARANTEED [] APPEARANCE AT USDC, []

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[] NEW YORK DIVISION SUBSEQUENTLY CONTACTED SSA [] WMFO (C-5) FOR CLARIFICATION IN THIS MATTER. AFTER CONTACTS WERE MADE BETWEEN SSA [] USA OFFICE DOC AND NEW YORK DIVISION IT WAS DETERMINED THAT FAX SERVICE TO [] ATTORNEY WOULD BE SATISFACTORY. THIS WAS CONFIRMED DURING A TELEPHONIC CONVERSATION BETWEEN SSA [] AND SA [] NEW YORK DIVISION (C-3). NEW YORK DIVISION FAXED ABOVE MENTIONED SUBPOENA TO [] S ATTORNEY [] JUNE 13, 1991.

NEW YORK DIVISION CONSIDERS THIS MATTER RUC.

BT

#0044

NNNN

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 6/18/91

From : SA [redacted]

Subject: CLARK MC ADAMS CLIFFORD, aka;
Et Al;
FIF; FAG;
OO:WMFO

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The purpose of the memorandum is to update the file on the negotiations with [redacted], who is the central figure in our planned trip to London, England.

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In a telephone conversation on 6/11/91 with [redacted] currently residing in Sanibel Island, Florida, telephone [redacted], I requested that [redacted] contact [redacted] and ascertain whether he would be willing to come directly to the United States, bypassing London, given assurances that his transportation and subsistence would be paid. On 6/12/91, [redacted] reported having spoken with [redacted] and being told that, without some prior meeting in a neutral site, e.g., London, [redacted] was not going to come to the United States at all. The purpose of such a meeting would be for [redacted] to determine if his immunity from prosecution was certain and whether his reward for being of material assistance in the government's case would be sufficient, given the risks to himself and his family that he believes exist.

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According to [redacted] plans to come to London to join MRS. [redacted] sometime between June 24 and July 31, 1991, and already has the necessary visa to make the trip. [redacted] told [redacted] he would be willing to travel to London during that period of time to meet with the representatives of the U.S. Government on a specific date, as long as the government reimbursed him for his ticket.

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[redacted] told [redacted] that his family has been getting "intense pressure," which is being passed along to [redacted]. Almost on a daily basis, someone in [redacted] family seeks his assurance that he is not going to divulge the information he knows. [redacted] told [redacted] that, very recently, he had received a facsimile from SHEIK ZAYED, offering [redacted] a "six-figure settlement," provided that [redacted] agrees to be silent and to show ZAYED all the documents which [redacted] supposedly possesses. (According to

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① - WMFO
JNR:das
(1)

29B-WF-171994 - 72

Su Su
Su

[redacted] *any*

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602-1325015-000-5013

[] it is [] who has the documents, not []
[] identified the "conduit" for the pressure as [], an
attorney who represents [] wife's family.

I explained to [] that, with regard to the
captioned matter, the likelihood of [] receiving any
substantial reward for his services was unlikely.

[] said he had talked to Customs' agent []
in Tampa, Florida, who is interested in using [] in an ongoing
investigation of the operation of BCCI in the Cayman Islands.
[] said he realized that such an effort, and any statutory
reward to which [] might be entitled, was a long-term
proposition.

[] then said that one of the stops he intends to
make during his own visit in the U.S. is Senator KERRY's office
in Washington, D.C. (WDC). Senator KERRY is also aware of and
interested in talking to []. The information which []
and [] possess, [] believes, will encourage Senator
KERRY to involve the Board of Governors of the Federal Reserve
System (BGFRS), which might possibly lead to monetary sanctions
against BCCI, et al, in which [] might share. []
believes that such a reward could be substantial and would
"probably bring [] in tomorrow."

On 6/12/91, I contacted AUSA [] and informed him
of my conversation with []. We agreed that, given the lack
of any assurance that [] was going to be in London during the
week of June 16 through June 22, 1991, and the necessity for AUSA
[] and [] to prepare for the
upcoming Grand Jury appearances of CLARK CLIFFORD and []
[] currently scheduled for 6/26 and 6/28/91, respectively,
it would be best to reschedule our trip to London during the
second week of July 1991, and to give [] a "date-certain" of
7/9/91, to meet us there. We also agreed it would be
advantageous to get [] to WDC during the first week of July
1991, and to have him testify before the Grand Jury on 7/3/91.

After researching the matter, AUSA [] informed
me that Title 12, USC, Section 1831K provides that, with the
concurrence of the Department of Justice, the maximum amount of
reward available to someone like [] is \$100,000, no matter
what the size of the penalties imposed by the BGFRS. It was
agreed that I would contact [] and inform him of the nature
of the reward statute, and give him the date of 7/9/91 for
[] trip to England. [] is to convey to [] that he
will be reimbursed for his trip and that a letter detailing his
immunity would be there.

Efforts to contact [] between 6/13-17/91 have
been unsuccessful.

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 6/19/91

From : SA [redacted]

Subject: CLARK MC ADAMS CLIFFORD, aka;
Et al;
FIF; FAG
(OO: WMFO)

On 6/18/91, AUSA [redacted] notified me of the existence of another possible witness in the captioned matter. About two weeks ago, DOJ Criminal Division Deputy Asst. Attorney General FNU [redacted] called the USAO, WDC, to report having received some information from the Board of Governors of the Federal Reserve System (BGFRS). The information was that a "Mr. [redacted] (ph.) at the BGFRS had received a letter from a "Mrs. FNU [redacted] (ph.), stating that [redacted]

[redacted] A telephone number for Mrs. [redacted] was provided: [redacted] AUSA [redacted] requested that I call her.

After determining that the number was an [redacted] exchange, I called it and spoke with [redacted] a U.S. citizen, dob [redacted] SSAN [redacted] currently residing, along with [redacted]

[redacted] During the ensuing conversation, [redacted] provided the following information.

She identified [redacted] as [redacted] [redacted] dob [redacted] (or [redacted] was not certain when I asked, but later in the conversation said [redacted]), and said he was [redacted] and had been [redacted] [redacted] (exact date not given, but according to what she was saying, it must have been either in [redacted] It was [redacted]

②-WMFO

JNR:jnr
(2)

29B-WF-171994-93

SW
SW

1325015-000-5015

say that, when [redacted]

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[redacted]
[redacted]
[redacted]
[redacted]
[redacted] I informed her of our planned trip to [redacted] and that we might contact him in person then.

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When I called, she had just finished talking on the phone with [redacted] of the Manhattan DA's Office. I told her about the separate nature of our inquiries. I also told her that, if she perceives a threat to herself or her children that she should notify the local police. I assured her that someone from the FBI would personally contact her in the near future. She said she will be at her present address until [redacted] after which she has no idea where she will go. I suggested she seek local welfare help in that regard.

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I next reported this conversation to AUSA [redacted] who requested that either SA [redacted] or I travel to [redacted] as soon as possible to interview [redacted]. We also discussed the need to travel to the [redacted] anyway to complete our work there, and the possibility of combining the trips. It was agreed that he would ascertain the status of [redacted] preparation of an application for an ex parte order for [redacted] presently in the possession of [redacted] investigators in the MDF.

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On 6/19/91, I telephonically contacted [redacted] at [redacted], and explained the nature of captioned matter. [redacted]

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29B-WF-171994

[REDACTED]

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[REDACTED], who said he is [REDACTED], verified that it was he who was [REDACTED]

[REDACTED]
[REDACTED] asking specifically for [REDACTED] says that, as soon as he discovered that BCCI was [REDACTED]

[REDACTED]

[REDACTED] is represented by [REDACTED] (assisted by [REDACTED])

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b7D

[REDACTED] telephone [REDACTED]

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 6/19/91

From : SA [REDACTED]

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b7C

Subject: CLARK MC ADAMS CLIFFORD, aka;
Et al;
FIF; FAG
(OO: WMFO)

On 6/18/91, AUSA [REDACTED] notified me of the existence of another possible witness in the captioned matter. About two weeks ago, DOJ Criminal Division Deputy Asst. Attorney General FNU [REDACTED] called the USAO, WDC, to report having received some information from the Board of Governors of the Federal Reserve System (BGFRS). The information was that a "Mr. [REDACTED] (ph.) at the BGFRS had received a letter from a "Mrs. FNU [REDACTED] (ph.), stating that [REDACTED]

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[REDACTED] A telephone number for Mrs. [REDACTED] was provided: [REDACTED] AUSA [REDACTED] requested that I call her.

After determining that the number was an [REDACTED] exchange, I called it and spoke with [REDACTED] a U.S. citizen, dob [REDACTED] SSAN [REDACTED] currently residing, along with [REDACTED] [REDACTED] section. During the ensuing conversation, [REDACTED] a [REDACTED] provided the following information.

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She identified [REDACTED] as [REDACTED] [REDACTED] dob [REDACTED] (or [REDACTED] she was not certain when I asked, but later in the conversation said [REDACTED]), and said he was [REDACTED] and had been [REDACTED] (exact date not given, but according to what she was saying, it must have been either in [REDACTED]. It was [REDACTED]

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②-WMFO

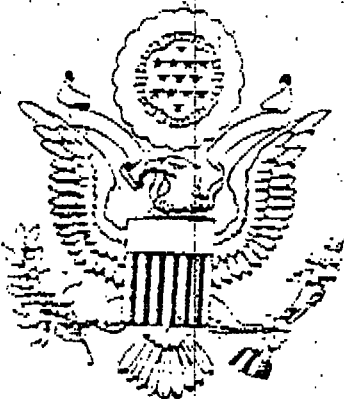
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29B-WF-171994-73
Su Su

1325015-000-5018

American Embassy London

OFFICE OF THE LEGAL ATTACHE



UNCLASSIFIED WACSIHLE

071-499-7944

FROM: [REDACTED] ASSISTANT LEGAL ATTACHE

TO: SSA [REDACTED] NVMRA (WMFO)

SUBJECT:

NO. OF PAGES. 2 (including cover page)

SENDER: BT DATE: JUNE 20, 1991

REC'D BY: DATE:

COMMENTS:

29B-WF-171994

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ZNR UUUUUU

P 211846Z JUN 91

FM DIRECTOR FBI

TO FBI WMFO (29B-WF-171994)/PRIORITY/

LEGAT LONDON/PRIORITY/

BT

UNCLAS

CITE: //0624//

PASS: SSA [REDACTED] C-5; ASST. LEGAT [REDACTED]

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SUBJECT: CLARK MCADAMS CLIFFORD, AKA; ET AL; FIF; FAG; OO*
WMFO.

RE WMFO TELETYPES TO DIRECTOR 6/5/91 AND 6/14/91;

BUTELCALLS OF SSA [REDACTED] TO ASSISTANT LEGAT [REDACTED]
LONDON AND SSA [REDACTED] WMFO ON 6/17/91.

FBIHQ HAS APPROVED THE TRAVEL OF SAS [REDACTED] AND

[REDACTED] TO LONDON, ENGLAND, DURING THE PERIOD OF
7/7/91 - 7/13/91, TO CONDUCT INTERVIEWS AND REVIEW DOCUMENTS IN

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JUN 12 1991	

[REDACTED]

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1325015-000-5023

PAGE TWO DE RUCNFB C091 UNCLAS

CONJUNCTION WITH CAPTIONED MATTER.

ON 6/11/91, THE OFFICE OF LIAISON AND INTERNATIONAL
AFFAIRS, FBIHQ CONCURRED WITH THIS TRAVEL. ON 6/11/91, [REDACTED]

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b7c

[REDACTED] DEPARTMENT OF STATE, OFFICE OF OVERSEAS CITIZENS
SERVICES. AND [REDACTED] ATTORNEY, DEPARTMENT OF JUSTICE.
OFFICE OF INTERNATIONAL AFFAIRS CONCURRED WITH THIS TRAVEL.

LEGAT LONDON HAS ADVISED THAT COUNTRY AND HOST COUNTRY
CLEARANCES HAVE BEEN APPROVED FOR SAS [REDACTED] TO
TRAVEL TO LONDON, ENGLAND, DURING THE PERIOD OF 7/7/91 -
7/13/91, TO CONDUCT INTERVIEWS AND REVIEW DOCUMENTS IN
CONJUNCTION WITH THE INVESTIGATION OF CAPTIONED MATTER.

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BT

#0091

NNNN

Memorandum



To : SAC, WMFO (29B-WF-171994)

Date 6/25/91

From : *Jim* SA [redacted] (C-5)

Subject: CLARK McADAMS CLIFFORD;
ET AL;
FIF; FAG;
(OO: WMFO)

On 6/25/91, the writer was contacted by [redacted] DOJ. [redacted] requested that the writer pick up additional records from the Federal Reserve Board (FRB).

On that same date, the writer met with [redacted] FRB. [redacted] provided the writer with a facsimile copy of a correspondence between [redacted] 6 Filings between 1982 and 1989 for CCAH and First American Bankshares.

On that same date, the above records were given to [redacted] at the USAO, District of Columbia.

On that same date, AUSA [redacted] District of Columbia, advised that in order to accommodate [redacted] the FGJ appearance dates for [redacted] had been switched with each other. [redacted] will appear before the FGJ on [redacted] and [redacted] on [redacted]. AUSA [redacted] anticipates that [redacted] will be available for interview and FGJ next week. In addition, AUSA [redacted] is providing [redacted]

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[redacted]

[Signature]

Su Su

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b7C

1325015-000-5025

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 6/24/91

From : SA [redacted] (C-5)

Subject: CLARK McADAMS CLIFFORD;
FIF;
FAG;
(OO: WMFO)

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On 6/11/91, a meeting was held in the office of AUSA [redacted] District of Columbia. In addition to AUSA [redacted] in attendance were [redacted] DOJ, SA [redacted] and the writer. AUSA [redacted] advised that it appeared that AUSA's [redacted] would investigate the National Bank of Georgia/GAITH PHAERON aspect of this case. No final decision had yet been made as to the roles of the newly assigned AUSA's. Preparation for the [redacted] FGJ appearances were discussed. [redacted] was scheduled to appear on [redacted] AUSA [redacted] estimated that questioning would probably be broad based.

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On that same date, [redacted] travelled to Tampa, Florida, to continue the record review in Tampa.

On that same date, the writer caused New York to conduct indices searches and DMV searches for [redacted] Said [redacted] checks met with negative results.

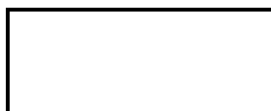
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On 6/12 and 6/13/91, the writer had numerous contacts with SA [redacted], NYO. Said contacts were for the purpose of arranging the subpoena service to [redacted] The writer obtained the subpoena from AUSA [redacted] and forwarded same to the NYO for service. Subsequently, on 6/13/91, service was made to [redacted] Attorney, [redacted]

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① - WMFO
DML

29B-WF-171994-77
Su Su



[Handwritten signature]

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b7C

1325015-000-5026

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 6/24/91

From : SA [redacted] (C-5)

Subject: CLARK McADAMS CLIFFORD;
ET AL;
FIF; FAG;
(OO: WMFO)

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b7C

On 6/5/91, a meeting was held in the office of AUSA [redacted], District of Columbia. In addition to AUSA [redacted] the meeting was attended by [redacted] SA [redacted] and the writer. Investigative results/direction was closely discussed. AUSA [redacted] furnished SA [redacted] with a FGJ Subpoena for [redacted]. AUSA [redacted] advised that the roles of the two additional criminal AUSA'S and the one civil AUSA had not yet been defined.

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On 6/6/91, SA [redacted] and the writer travelled to New York, New York. The above mentioned subpoena was served to [redacted]

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On that same date, SA [redacted] and the writer met with [redacted] in the vicinity of 23rd St., and First Ave., New York, New York. (Inserts reporting contacts are being c'd to New York.)

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On 6/7/91, the writer met with [redacted] DOJ. Discussed was work which remained to be completed at Tampa. It was agreed that [redacted] and the writer should return to Tampa to complete record reviews.

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On 6/10/91, the writer met with TA [redacted], DOJ. The writer was furnished with a subpoena addressed to the [redacted]

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On that same date, the subpoena was served to [redacted]

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①-WMFO

DML

29B-WF-171994-78

SL

SL

1325015-000-567
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b7C

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 6/24/91

From : SA [redacted] (C-5)

Subject: CLARK McADAMS CLIFFORD;
FIF; FAG;
(OO: WMFO)

Between 5/28/91 and 5/31/91, the investigative activity listed below took place in New York, New York. AUSA [redacted] SA [redacted] and the writer travelled to New York to conduct said investigation. The following took place:

1. Interview of [redacted] (5/29/91)
2. Interview of [redacted] (5/29 & 5/31/91)
3. Meeting at [redacted] [redacted]
[redacted]. Service of subpoena to [redacted]
(5/30/91)
4. Interview of [redacted] (5/30/91)

It should be noted that [redacted] were interviewed in the office of their Attorney, [redacted]. Contact with [redacted] was coordinated through NY SA [redacted]

On 5/29/91, while in New York, the writer contacted [redacted] at his place of employment, Meridien International Bank, Ltd., 126 East 56th St. New York, New York, 10022, 29th Floor, telephone [redacted] expressed an interest in cooperating in this matter but requested that an interview be arranged through his Attorney, [redacted], telephone [redacted]

The writer attempted to immediately contact [redacted] Said contact met with negative results. For information, [redacted] is defending [redacted] in a local Florida matter and access to him was limited. On 5/30/91, AUSA [redacted] contacted [redacted] Arrangements will be made to interview [redacted] at a later date.

On 5/30/91, AUSA [redacted] advised that his office had assigned two criminal AUSA'S and one civil AUSA to this matter. Their roles had not yet been defined. The criminal AUSA'S were [redacted]

D-WMFO
DML

29B-WF-171994 Sub-79
Su Su

1325015-000-5028

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 6/24/91

From : SA [redacted] (C-5)

Subject: CLARK McADAMS CLIFFORD;
ET AL;
FIF; FAG;
(OO: WMFO)

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b7C

On 5/22/91, the writer attempted to contact [redacted] at what was believed to be his home telephone number, [redacted]. There was no answer in repeated attempts.

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On 5/23/91, the writer attempted to contact [redacted] at [redacted]. A female answered by saying "Sovereign Group". The writer asked for [redacted] and was told that he was out of the country and was not expected back for at least a few weeks.

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On 6/13/91, [redacted] contacted the writer and advised that [redacted] was supposed to be in New York at that time.

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On that same date, the writer attempted to contact [redacted] at his residence [redacted]. A female who identified herself as MRS. [redacted] answered and advised that [redacted] was out of town but was scheduled to return later in the month.

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①-WMFO
DML

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See See

[redacted] 1325015-000-5079
b6
b7C

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 6/24/91

From : SA [redacted] (C-5)

Subject: CLARK McADAMS CLIFFORD;
ET AL;
FIF; FAG;
(OO: WMFO)

[redacted] On 5/22/91, the writer was contacted by AUSA [redacted] District of Columbia. AUSA [redacted] requested that the writer contact the Federal Reserve Board and determine the dates that [redacted] were scheduled to provide depositions.

On that same date, the writer contacted [redacted] Enforcement Branch, Federal Reserve Board. [redacted] advised that [redacted] was scheduled to appear on [redacted]

Subsequently, on that same date, the writer apprised AUSA [redacted] of the above appearance dates.

On 5/23/91, the writer advised AUSA [redacted] that [redacted] was out of the country and that the writer would attempt to contact [redacted] at a later date. AUSA [redacted] requested that the writer obtain background information for [redacted] and the address at [redacted] for subpoena purposes.

On 5/24/91, the writer determined that all subpoenas to [redacted] were to be addressed to [redacted]

① WMFO

DML

29B-WF-171994 - 81
Su Su

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1325015-000-5029

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On that same date, the writer developed the following background information:

Name
AKA
Address

[Redacted]

Scarsdale, New York 10583

DOB
SSAN

[Redacted]

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On that same date, AUSA [Redacted] was furnished with the above listed information.

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On that same date, the writer was contacted by [Redacted]
[Redacted], DOJ. [Redacted] advised that he had
obtained a copy of the transcript for the testimony of [Redacted]
[Redacted] before the KERRY Committee.

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b7C

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 6/24/91

From : SA [redacted] (C-5)

Subject: CLARK McADAMS CLIFFORD;
ET AL;
FIF; FAG;
(OO: WMFO)

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[redacted] On 6/18/91, the writer met briefly with AUSA [redacted]
[redacted] District of Columbia. AUSA [redacted] outlined his FGJ
preparation for [redacted]

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[redacted] On 6/19/91, the writer attempted to contact SSA [redacted]
[redacted] Office of Congressional Affairs, FBIHQ. Said attempt
met with negative results.

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[redacted] On that same date, the writer met with SA [redacted]
[redacted] CI-7. SA [redacted] advised that he had opened an FCI
investigation concerning the unauthorized possession of
classified documents. The subject was [redacted] (ph). [redacted]
was supposedly writing a book about the Bank of Credit and
Commerce International (BCCI). He appeared to be the same
individual who contacted the House Banking Committee about
information concerning CLIFFORD and [redacted]

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[redacted] On that same date, the writer contacted [redacted]
[redacted] DOJ. [redacted] stated that he had pretty much completed
the review of records at Tampa. He would finish the ex-parte
order for confidential [redacted] documents, at Tampa and arrange to
obtain same.

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INDEX

[redacted] On 6/20/91, the writer met [redacted] at the [redacted]
[redacted]. The writer served a FGJ subpoena for [redacted]
[redacted] Said subpoena was served to [redacted]
[redacted] The [redacted]
[redacted]

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①-WMFO
DML

29B-WF-171994 -82
Su Su

[redacted]

[Signature]

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b7C

1325015-000-5032

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 6/25/91

TO : ADIC, NEW YORK
 ATTN: SA []

FROM : SAC, Washington Field Office []

SUBJECT : []

Re: Tel calls between WMFO SA [] and
 NY SA []

Enclosed for New York are an FD-209 and four inserts setting forth results of contacts by WMFO Case Agents and captioned source. Said enclosures are self explanatory.

For the information of New York, [] continues to provide WMFO information germane to an investigation entitled "CLARK McADAMS CLIFFORD; ET AL;", (29B-WF171994). It is anticipated that WMFO will maintain regular contact with the source. Such contact will continue to be coordinated with NYO SA []

2-New York (encls. 5)

1-WMFO
 (DML)

Dmy

Inserts placed in sub 3
Dmy

29B-WF-171994 - 83 *Main*

[Signature]

Approved: _____

Transmitted _____

(Number) (Time)

Searched _____

Serialized Su

Indexed _____

Filed Su

1325015-000-5033

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 06-12-91

also see att
 TO : SAC, WMFO (29B-WF-171994) (RUC)
 FROM : ADIC, NEW YORK (C-3) *also see att*
 SUBJECT: CLARK McADAMS CLIFFORD, aka ET AL
 BF&E
 FAG
 (OO: WMFO)

ReNYteletype to WMFO, dated 6/14/91.

Enclosed for WMFO is an original and one copy of
 Federal Grand Jury subpoena demanding the appearance of [redacted]

Reteletype sets forth details surrounding fax service of enclosed subpoena to [redacted] attorney in [redacted]. The purpose of this communication is to return to WMFO the original and one copy of Federal Grand Jury subpoena which was served via fax and, inasmuch, possession of the original and one copy of the above mentioned subpoena is no longer necessary by the New York Division.

Investigation at New York complete.

②-WMFO (Encls. 2) -2
 1-New York

TJP/cjo
 (4)

UCFN	<input type="checkbox"/> Pos	<input type="checkbox"/> Neg
GENERAL INDICES:		
<input type="checkbox"/> Automated Search		
WF: <input type="checkbox"/> Pos <input type="checkbox"/> Neg	AX: <input type="checkbox"/> Pos <input type="checkbox"/> Neg	
<input type="checkbox"/> Manual Search		
WF: <input type="checkbox"/> Pos <input type="checkbox"/> Neg	AX: <input type="checkbox"/> Pos <input type="checkbox"/> Neg	

1*

29B-WF-171994 -84
Per Su

Approved: _____ Transmitted _____ Per _____
 (Number) (Time)

1325015-000-5035

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/3/91

From : SA [redacted]

b6
b7C

Subject: CLARK MC ADAMS CLIFFORD, aka;
Et al;
FIF; FAG
(OO: WMFO)

On 6/21/91, a group of tape recordings, relating to the captioned matter, was received from the U.S. Customs Service. On 6/26/91, I attempted to place the box containing those tapes in ELSUR storage at WMFO HQ, operating under the impression that it was the only such storage facility. At the time, all personnel assigned to handle Bulky Exhibits at WMFO HQ were in a meeting with the inspectors. Therefore, I relinquished custody of the box to SA [redacted] (A-5), who had agreed to place it in Bulky Exhibits when the meeting ended.

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On 7/2/91, SA [redacted] notified me that WMFO HQ Bulky Exhibits had refused to accept the box, saying that it should be stored in the NVMRA's ELSUR-storage facility. On 7/3/91, I reacquired custody of the box from SA [redacted] and now request that it be accepted for storage within the NVMRA's Bulky Exhibit facility.

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(2)-WMFO

(1-29B-WF-171994) - JH
(1-Bulky Exhibits)

JNR:jnr
(2)

29B-WF-171994-85

JNR

SEARCHED	INDEXED
SERIALIZED <i>SW</i>	FILED <i>SW</i>
JUL 3 1991	
FBI - WASH. METRO FIELD OFFICE	

1925015-000-5036



FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

- ☒ Immediate
☐ Priority
☐ Routine

- ☐ Top Secret
☐ Secret
☐ Confidential
☐ Sensitive
☒ Unclassified

Time Transmitted: 1:17
 Sender's Initials: KUH
 Number of Pages: 3

To: US Attorney, WDC Date: 7/1/91
(Name of Office)

Facsimile number: 514-8783
 Attn: AUSA [Redacted] 514-6531
(Name) Room Telephone No.)

From: FBI, WMFO
(Name of Office)

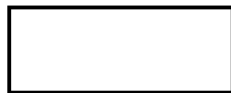
Subject: BCCI (29B-WF-171994)

Special Handling Instructions: Please handcarry to AUSA
[Redacted]

Originator's Name: SA [Redacted] Telephone: 324-6418

Originator's Facsimile Number: 324-6426

Approved: [Signature] 29B-WF-171994 -86



[Signature]

SEARCHED	INDEXED	FBI/DOJ
SERIALIZED <u>SW</u>	FILED <u>SW</u>	
FBI - WASH. METRO FIELD OFFICE		1325015-000-500

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WORKING IN U.S. EMBASSY. DUE TO SA [REDACTED] PARTICIPATION IN [REDACTED] (WHICH LED TO BCCI'S CONVICTION IN MDF), HE IS VERY KNOWLEDGEABLE OF IDENTITY AND WHEREABOUTS OF MOST IF NOT ALL POTENTIAL WITNESSES IN CAPTIONED MATTER WHO ARE LOCATED IN OR NEAR LONDON. BGFRS SPECIAL COUNSELS [REDACTED] AND [REDACTED] HAVE ALSO CONDUCTED INTERVIEWS AND DOCUMENT REVIEW IN LONDON AND ELSEWHERE AS PART OF THEIR INQUIRY. SOME OF THE SAME PERSONS THEY CONTACTED ARE POTENTIAL WITNESSES IN CAPTIONED MATTER.

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LEGAT LONDON IS REQUESTED, INsofar AS POSSIBLE, TO ARRANGE FOR THE FOLLOWING INTERVIEWS TO TAKE PLACE AT ANY TIME BEGINNING 6/17/91 TO 6/22/91: [REDACTED] (CURRENT BCCI EMPLOYEE; POSSIBLE CONTACT [REDACTED] ATTORNEY WITH ALLEN & OVERY, REPRESENTING BCCI); [REDACTED] (PRICE WATERHOUSE, LONDON); [REDACTED] (STANMORE MIDDLESEX); [REDACTED] (ROAD, FARNUM, SURRY); [REDACTED] (CURRENT BCCI EMPLOYEE; POSSIBLE CONTACT [REDACTED]); [REDACTED] (EMPLOYED AT NATIONAL COMMERCIAL BANK OF SAUDI ARABIA, LONDON; OWNS MEEG CORPORATION, LONDON; [REDACTED] IS HIS ATTORNEY); [REDACTED] (MEMBER OF BCCI'S BOARD OF DIRECTORS; POSSIBLE CONTACT IS HERBER); [REDACTED] (FORMERLY PAKISTANI, NOW UK CITIZEN, SHE WAS [REDACTED] BCCI EMPLOYEE WHO [REDACTED] SUBJECTS); [REDACTED] (FORMERLY [REDACTED] BCCI'S FORMER OWNER, AGHA ABEDI; WAS LONDON RESIDENT); [REDACTED] (BCCI EMPLOYEE; POSSIBLE CONTACT IS [REDACTED]); [REDACTED] (FORMER FAB/NY EMPLOYEE; PRESENCE OR LOCATION IN LONDON NOT KNOWN); [REDACTED] (FORMERLY PAKISTANI NOW UK CITIZEN; LONDON RESIDENT; ARRANGED AND RECORDED MEETINGS FOR BCCI); [REDACTED] (TADWORTH, SURRY); [REDACTED] (ST. GEORGE'S HILL, SURRY).

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CONTEMPLATED PLANS ARE FOR WMFO SAS [REDACTED] AND [REDACTED] ACCOMPANIED BY AUSA [REDACTED] AND DOJ [REDACTED] (CURRENTLY ASSIGNED TO USAO, WDC), TO TRAVEL FROM DULLES AIRPORT, VIRGINIA, TO LONDON, ENGLAND, ON 6/16/91, RETURNING ON OR ABOUT 6/22/91. THE PURPOSES FOR THE TRIP WOULD BE:

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1. TO INTERVIEW THE PERSONS SHOWN ABOVE;
2. TO REVIEW AVAILABLE RECORDS AT [REDACTED] AND THE [REDACTED] RE THE [REDACTED] MATTER.

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ESTIMATED EXPENSES FOR EACH FBI SA WOULD BE \$2,306.00, CALCULATED ON SEVEN DAYS PER DIEM AT \$232.00/DAY, PLUS \$628.00 ROUND-TRIP AIRFARE; TOTAL: \$4,612.00.

BT

In addition to this list, London is arranging for [REDACTED] and [REDACTED]

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1325015-000-5039

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/5/91

From : *WJ* SA [redacted] (C-5)

Subject: CLARK McADAMS CLIFFORD;
ET AL;
FIF; FAG;
(OO: WMFO)

Between 6/26 - 7/5/91, the writer reviewed numerous documents. Such included copies of submissions to the Federal Reserve Board (FRB), and depositions taken by FRB Investigators.

On 7/2/91, the writer reviewed volume 2 of the FBIHQ file for an old New York investigation entitled [redacted], NY 87-79521, Bureau file 87-141685. [redacted] was an undercover operation which operated in the late 1970's and early 1980's. The writer believed that NY UCA'S [redacted] [redacted] UCO. The FBIHQ file contained 3 volumes. Volumes 1 and 3 could not be located. No information germane to captioned matter was contained in the volume reviewed.

On [redacted], SA [redacted] and the writer transported [redacted] from the FGJ, [redacted], to the U.S. Attorney's office, for storage/review. Said [redacted] [redacted] to the FGJ [redacted]

On 7/3 and 7/5/91, respectively, attempts to contact [redacted] met with negative results. On the later date, the writer determined that [redacted] was out of the country and was not scheduled to return until August, 1991.

On 7/5/91, attempts to contact [redacted] met with negative results.

29B-WF-171994 - Main
- 87

SEARCHED	INDEXED
SERIALIZED <i>su</i>	FILED <i>su</i>
JUL 11 1991	
FBI - WASH. METRO FIELD OFFICE	

162

1325015-000-560
b6
b7C

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/5/91

From : SA [redacted]

Subject: CLARK MC ADAMS CLIFFORD, aka;
Et al;
FIF; FAG
(OO: WMFO)

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b7C

On 7/3/91, [redacted] Special Agent [redacted] Tampa, reported that he had rechecked his records for employee identification numbers (EINs) for BCCI, CCAH, CCAI and FGB, and found that the EIN for BCCI is 59-2183794. No EINs were found for CCAH, CCAI or FGB; however, the EIN for FGB should have "rolled over" to its successor, First American Corporation. I immediately passed on this information by telephone to DOJ [redacted]
[redacted]

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Also on 7/3/91, Asst. Legat [redacted] London, reported that, inasmuch as U.S. Customs SA [redacted] is on leave, he will be proceeding alone with arranging the requested interviews, and that doing so may run over into our first day or two there.

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Later on 7/3/91, AUSA [redacted] informed me that a letter to BCCI's London attorney, [redacted], detailing our desire to talk to a number of his clients and requesting authorization to do so, had been sent on 7/2, via fax.

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①-WMFO

JNR:jnr
(1)

- 88
29B-WF-171994 main

SEARCHED	INDEXED
SERIALIZED <i>su</i>	FILED <i>su</i>
JUL 5 1991	
FBI - WASH. METRO FIELD	

1325015-000-5041

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TRANSMIT VIA: AIRTEL

CLASSIFICATION: _____

DATE: 7/9/91

FROM: Director, FBI

TO: SAC, WMFO (29B-WF-171994) (P) (C-5)

CLARK M. CLIFFORD;
ET AL;
BF&E; FAG;
CONSPIRACY;
OO: WMFO

Re WMFO airtel to the Bureau, dated 5/15/91.

Your request for a Visual Investigative Analysis (VIA) application to the captioned matter has been received by the VIA Unit, Criminal Investigative Division. The present workload of the VIA Unit precludes the assignment of an analyst to this matter at the present time. Therefore, your request has been placed on file with the VIA Unit, and will be considered with all pending requests for VIA assistance when a VIA Analyst becomes available for assignment. You will be notified when a VIA application has been authorized for this matter.

UCFN	<input checked="" type="checkbox"/> Pos	<input type="checkbox"/> Neg
AL INDICES:		
<input type="checkbox"/> Automated Search		
WF:	<input type="checkbox"/> Pos	<input type="checkbox"/> Neg
<input type="checkbox"/> Manual Search		
WF:	<input type="checkbox"/> Pos	<input type="checkbox"/> Neg

29B-WF-171994-89
Su Su

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DE FBITP #0004 1921226

ZNR UUUUU

R 101914Z JUL 91

FM FBI TAMPA (29B-WF-171994) (ORA) (RUC)

TO FBI WMFO/ROUTINE/

BT

UNCLAS

CITE: //1260:3880//

SUBJECT: CLARK MCADAMS CLIFFORD, AKA, ET AL; FIF; FAG; OO:
WMFO.

RE WMFO TELETYPE TO DIRECTOR, JUNE 24, 1991.

FOR INFORMATION OF WMFO, AFTER NUMEROUS ATTEMPTS TO
TELEPHONICALLY CONTACT [REDACTED] AT [REDACTED] MET WITH
NEGATIVE RESULTS, AN ATTEMPT TO CONTACT HER AT HER RESIDENCE,
[REDACTED] ORLANDO, FLORIDA, ON JULY 3, 1991,
ALSO MET WITH NEGATIVE RESULTS. A NOTE WAS LEFT AT THE ABOVE
RESIDENCE REQUESTING [REDACTED] TO CONTACT THE FEDERAL BUREAU OF
INVESTIGATION (FBI), ORLANDO RESIDENT AGENCY (ORA). ON JULY

29B-WF-171994-90

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 11 1991	

OFFICE

(K)
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1325015-000-5043

PAGE TWO DE FBITP 0004 UNCLAS

8, 1991, [REDACTED] TELEPHONICALLY CONTACTED SPECIAL AGENT (SA) [REDACTED] ORA, AND ADVISED SHE WAS PREPARING TO LEAVE THE ORLANDO AREA AND DID NOT WISH TO DISCUSS HER TRAVELLING PLANS. [REDACTED] STATED SHE HAD NO DOCUMENTS THAT SHE WANTED TO GIVE TO THE FBI; AND STATED SHE WOULD BE GIVING ALL OF HER PERTINENT DOCUMENTS AND RECORDS TO MR. [REDACTED] (PHONETIC), NEW YORK DISTRICT ATTORNEY'S OFFICE. [REDACTED] ADVISED [REDACTED] WORKS UNDER DISTRICT ATTORNEY MR. ROBERT MORGANTHAU; AND IF THE FBI NEEDED TO RECONTACT HER, THEY COULD DO SO THROUGH [REDACTED] HUSBAND WHO IS CURRENTLY IN LONDON.

THIS MATTER IS BEING RUC'D BY THE TAMPA DIVISION.

BT

#0004

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1325015-000-5044

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/3/91

From : SA [redacted]

Subject: CLARK MC ADAMS CLIFFORD, aka;
Et Al;
FIF; FAG
OO:WMFO

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b7C

The purpose of this memorandum is to update the file on progress toward our trip to London, England, during the week of 7/7-13/91.

On 6/12/91, AUSA [redacted] Washington, D.C. (WDC), requested that I provided [redacted] of the U.S. State Department, telephone [redacted], with contact phone numbers for [redacted], who represents [redacted]. I telephoned [redacted] and gave her the numbers for [redacted] in Florida, [redacted] and for [redacted] in Pakistan, [redacted]

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Later on 6/12/91, I contacted Assistant Legat [redacted] by telephone in London and, in a conference call, also spoke with U.S. Customs Agent [redacted] also assigned to the U.S. Embassy in London. I informed [redacted] that, due to the problems encountered in arranging for the appearance of [redacted] in London, we have been forced to postpone our trip until the week of 7/13-13/91. SA [redacted] said he had already arranged for some interviews, but would reschedule them. Those whom he had already contacted and who had agreed to be interviewed were [redacted]

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[redacted] of Price Waterhouse, and a representative of the Bank of England. I informed [redacted] that, with regard to persons currently employed by BCCI, AUSA [redacted] would clear the interviews of them through the attorney representing BCCI, [redacted]

On 6/17/91, at AUSA [redacted] request, I contacted [redacted] to determine her progress in arranging the host-country clearance for us to interview [redacted] in London. [redacted] reported that she had not yet sent the cable with the information her counterparts in London required to contact [redacted] but would do so.

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1 - WMFO
JNR:das
(1)

29B-WF-171994 - 91

[redacted]

[Handwritten signature]

SEARCHED *su* INDEXED *su*
SERIALIZED *su* FILED *su*
JUL 10 1991
FBI - WMFO
1325015-000-5045

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On 6/19/91, Assistant Legat [] reported that he had arranged hotel accommodations for our investigative party at the Mostyn Hotel, located on Bryanston Street, London, telephone 011-44-71-935-2361.

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Also on 6/19/91, at AUSA [] request, I contacted [] and gave her the name and identifying information on [] whom we plan to interview in London on our trip. I contacted [] and gave her the information on []. During that conversation, she told me she had sent the numbers for [] to London.

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On 6/20/91, in a telephone conversation with Assistant Legat [] and U.S. Customs Agent [] discussed the 6/13/91 letter from [] of BCCI's Legal Department to [] of the U.K. Customs and Excise Office (see Serial 74). I informed SA [] that AUSA [] had been and would be in contact with Attorney [] who would be conferring with the London Attorney, [], of Allen & Overly, about our proposed interviews of current BCCI employees. SA [] said that, as soon as he is notified of that liaison, he will continue to arrange interviews as requested.

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SA [] informed me that he had been contacted by another Customs agent, reporting source information with regard to BCCI personnel. According to the source, AGHA ABEDI, since [] and [] had taken over as []. The source contended that [] is a key person and is willing to be interviewed. [] will attempt to locate [] and arrange for him to come to London.

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SA [] also said he is setting up a meeting with the Bank of England personnel and would like to sit in on that meeting. I told him I had no objection to his doing so.

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On 6/25/91, [] informed me that, by Friday, 6/28/91, we needed to get a list of all the people set for interviews in London. Subsequently, I telephoned Legat London and spoke with Assistant Legat [] who said he would pass on the request to Assistant Legat [].

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On 6/26/91, AUSA [] and I met with [] at AUSA [] office. The purpose for the meeting was to discuss what it would take to get [] to agree to come to London to be interviewed, then to come to WDC to testify in the Grand Jury. [] reported he had been in contact with the offices of U.S. Senator John Kerry, the Board of Governors of the Federal Reserve System (BGFERS), and the Manhattan District Attorney, Robert Morgenthau. [] is attempting to structure a situation in which [] if he agrees to come to the U.S. to assist in the various inquiries about BCCI, will receive the most protection

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and most reward available. Essentially, [] was told that, if [] agrees to come to London, is forthcoming, and has information which will help, and understands he will have to testify before the Grand Jury in WDC in addition to whatever testimony he gives elsewhere, the U.S. Attorney's Office, i.e., DOJ, will cooperate in any attempt [] makes to receive a statutory reward from the BGFRS. [] was also told not to even consider playing one agency against another. At the close of the meeting, it was arranged that [] would return the following day to be interviewed and to display the documents which he said he had brought as a "proffer" of [] testimony.

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On 6/27/91, [] was interviewed at AUSA [] office (see FD-302).

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I subsequently contacted [] telephone [] who assists [] at the Department of State. Ms. [] informed me that the list being requested was one which AUSA [] should have provided through his administrative office in answer to a questionnaire. Using the information from that questionnaire, the State Department prepares a cable to the consular section of the embassy in London containing the identifying information on the travelers and interviewees, which the consular section then transmits to the British Ministry of Foreign Affairs. Using that information, the ministry then gives host-country clearance to the travelers and verifies with the interviewees that their appearance is voluntary.

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Travel arrangements, as they now stand, are for SA [] and me to depart, via United Airlines from Dulles Airport at approximately 6:00 PM on 7/7/91, arriving in London at approximately 6:30 AM, 7/8/91. Our return would be during the day on 7/13/91, again via United Airlines.

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Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/5/91

From : SA [redacted]:das

Subject: CLARK MC ADAMS CLIFFORD, aka;
Et Al;
FIF; FAG
OO:WMFO

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On 7/1/91, in a telephone conversation with AUSA [redacted], we discussed the upcoming interviews in London of various witnesses in captioned matter. AUSA [redacted] was attempting to determine who had already been contacted for interviews. I informed AUSA [redacted] that contacts of several of the people on the list sent to the Legat by teletype on 6/12/91, were being held in abeyance pending his determination from BCCI's counsel, [redacted], that interviews of certain current employees were approved. I further mentioned that AUSA [redacted] had agreed to contact [redacted] in deference to the letter which BCCI's London counsel, [redacted] sent to British Customs Representative [redacted], dated 6/13/91, about which I had told him earlier. AUSA [redacted] said he was unaware of that letter and asked about its contents. After reading the letter to him, I sent him a copy, via facsimile, along with the list of people I had requested the Legat to contact to arrange interviews. The latter document was sent to AUSA [redacted] in response to his further comment that he was not aware there were so many BCCI people involved. After reminding AUSA [redacted] that it was from him and [redacted] that I had obtained the list of potential interviewees, he said he would set about making sure that the list was properly conveyed.

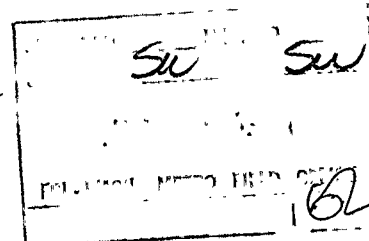
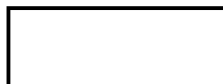
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Later on 7/1/91, [redacted] called and requested that I attempt to obtain employee identification numbers (EINs) for Financial General Bankshares, BCCI and CCAH for purposes of inclusion in the ex parte order he is preparing for submission to the court in order to secure tax records for those and other entities. I telephoned [redacted] Agent [redacted] in Tampa, Florida, and requested that he search for those EINs. SA [redacted] said he thought he had already submitted that information to [redacted] but would check his records again.

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JNR:das
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29B-WF-171994 -92



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1325015-000-5048

I also notified Assistant Legat [redacted] London,
of the need to determine a list of available interviewees.
Assistant Legat [redacted] said he would contact Customs Agent [redacted]
[redacted] on the morning of 7/2/91, and would ascertain the
progress on interview arrangements.

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Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/15/91

From :

SA [redacted]

Subject:

CLARK MCADAMS CLIFFORD, aka;
Et al;
FIF; FAG
(OO: WMFO)

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On 7/11/91 [redacted] accompanied by U.S. DOJ [redacted]
[redacted] U.S. Customs Special Agent [redacted]
(assigned to the U.S. Embassy, London) and Her Majesty's Customs
& Excise Agent [redacted] I attended a meeting with the
provisional liquidators of BCCI in the United Kingdom (U.K.),
Touche Ross (TR), at BCCI headquarters, 100 Leadenhall Street,
London. Representing TR were [redacted] who is the
[redacted] and [redacted]

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Agent [redacted] and SA [redacted] explained the nature of
their ongoing interests in BCCI from the standpoint of money
laundering, and both offered TR the opportunity to request their
assistance in identifying the various kinds of transactions
involved.

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[redacted] and I explained the nature of the captioned
matter, i.e., that it is a criminal investigation predicated on a
referral from the Board of Governors of the Federal Reserve
System (BGFRS) and that in furtherance of that inquiry, we would
be seeking documents and other information from TR, now that it
was in control of BCCI. We also explained that the BGFRS is
conducting its own inquiry, with which we are cooperating,
although they are for different purposes. Also, we disclosed our
awareness of the investigation being conducted by the New York
County District Attorney's Office (NYDAO), explaining that we
were not parties to it and did not know its nature or scope.

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[redacted] informed us that TR's primary focus at this
very early stage is to ascertain what records and assets it has,
and to microfilm all the records prior to any determination being
made as to the dissolution of BCCI. He has been given six months

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①-WMFO

JNR:jnr
(1)

[redacted]

JNR

29B-WF-171994 -93
Su Su

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1225015-000-5050

29B-WF-171994)

to accomplish this task and to come up with a recommendation to the overall [redacted] (ph.), in Luxembourg, about the liquidation of the U.K. portion. One of [redacted] first goals is to produce an organizational chart detailing all aspects of BCCI.

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b7C

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/15/91

From :

SA [redacted]

Subject: CLARK MCADAMS CLIFFORD, aka;
Et al;
FIF; FAG
(OO: WMFO)

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b7C

On 7/10/91, SA [redacted] and I, accompanied by U.S. DOJ Trial Attorney [redacted] and Her Majesty's [redacted], met with attorneys [redacted] at their law firm, Barlow Lyde & Gilbert (BLG), Beaufort House, 15 St. Botolph Street, London EC3A 7NJ, telephone 071-247-2277. BLG represents the auditing firm of PRICE WATERHOUSE (PW) with regard to civil and criminal inquiries evolving from PW's audits of the various incarnations of Bank of Credit and Commerce International Holdings, collectively called BCCI.

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At the outset of the meeting, Agent [redacted] introduced us, giving a brief overview of how the captioned matter is associated with the prior, combined U.K.-U.S. Government (Middle District of Florida) inquiry [redacted] followed with a further explanation of how the captioned matter is concerned with issues of the clandestine ownership and control of an American bank by BCCI.

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[redacted] asked how our inquiry fits in with those of the Board of Governors of the Federal Reserve System (BGFRS) and the New York County District Attorney, ROBERT MORGANTHAU. [redacted] explained that ours is a federal inquiry, predicated on a criminal referral from the BGFRS, while the grand jury investigation being conducted by DA MORGANTHAU is separate and distinct; that we are not sharing the results of our inquiry with the NY DA, or vice versa. [redacted] seemed incredulous, asking what we wanted from PW that we could not derive from cooperating with the NY DA and the BGFRS. In the ensuing exchange, [redacted] asked if the nature of our inquiries of PW could and would be kept confidential.

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①-WMFO

JNR:jnr
(1)

[redacted]

Wmj

29B-WF-191994 main

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su

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1325015-000-5052

[] responded by saying he found such a request "bizarre", and asked what [] was implying. [] told [] that the very existence of a federal grand jury (FGJ) inquiry is a confidential matter, and that any disclosure of its existence or purpose, or of the information it receives, is prohibited, even to another law enforcement entity, such as the NY DA, without leave of the court. [] then said again that it seemed "bizarre" to him that we would be asking him not to cooperate further with the NY DA, and spoke of his observation that grand-jury confidentiality had already been breached on several occasions, given reports appearing in the New York Times about information supposedly provided to that body. Specifically mentioned was information attributed to a PW audit report, which [] then denied had been given to the NY DA or grand jury by BLG.

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[] assured [] that we were in no way asking or requiring him to not cooperate fully with the NY DA, only that the nature of our inquiry not be disclosed; that we were aware of the disclosures of NY grand jury information to the press, but that we could not and would not make any comment about it; that we take the confidentiality of the FGJ process very seriously, and could assure him that information provided to the FGJ by PW in this matter would not appear in the New York Times.

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[] invoked "auditor/client confidentiality" also, saying that it precluded PW from disclosing what the nature and contents of its audits were. This followed his renewed request to know what information we were seeking from PW, and our response, which was to ask what records existed, other than the already-disclosed coded and plain-text audit reports. [] did say that numerous records had been made available to the Bank of England by PW under "Section 82" of the U.K.'s bank security act.

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According to [], PW took over the coordination of auditing all of BCCI (in 69 countries) from the auditing firm of ERNST & WINNEY in 1987. With regard to the disclosure of any PW records of those audits, [] said he would confer with PW's counsel in the U.S., whose identity he declined to disclose.

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FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

- ☒ Immediate
☐ Priority
☐ Routine

- ☐ Top Secret
☐ Secret
☐ Confidential
☐ Sensitive
☒ Unclassified

Time Transmitted: 12:15 PMSender's Initials: DY

Number of Pages: _____

To: U.S. Dept. of Justice Date: 7/16/91
(Name of Office)

b6
b7C

Facsimile number: 514-6118At:

From: FBI - WMFO C-5
(Name of Office)

Subject: CLARK CLIFFORD,
Et al

Special Handling Instructions: Please handcarry to Trial
Attorney

b6
b7C

Originator's Name: SA Telephone: 324-6418

b6
b7C

Originator's Facsimile Number: 324-6426Approved: [Signature]

29B-WF-171994

FBI/DOJ

SW

1325015-000 b6
b7C

1781/191
0000 MRI 01781

RR FBIWMFO

DE FBITP #0004 1921226

ZNR UUUUU

R 101914Z JUL 91

FM FBI TAMPA (29B-WF-171994) (ORA) (RUC)

TO FBI WMFO/ROUTINE/

BT

UNCLAS

CITE: //1260:3880//

SUBJECT: CLARK MCADAMS CLIFFORD, AKA, ET AL; FIF; FAG; OO:
WMFO.

RE WMFO TELETYPE TO DIRECTOR, JUNE 24, 1991.

FOR INFORMATION OF WMFO, AFTER NUMEROUS ATTEMPTS TO
TELEPHONICALLY CONTACT [REDACTED] AT [REDACTED] MET WITH
NEGATIVE RESULTS, AN ATTEMPT TO CONTACT HER AT HER RESIDENCE,
[REDACTED] ORLANDO, FLORIDA, ON JULY 3, 1991,
ALSO MET WITH NEGATIVE RESULTS. A NOTE WAS LEFT AT THE ABOVE
RESIDENCE REQUESTING [REDACTED] TO CONTACT THE FEDERAL BUREAU OF
INVESTIGATION (FBI), ORLANDO RESIDENT AGENCY (ORA). ON JULY

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PAGE TWO DE FBITP 0004 UNCLAS

8, 1991, [] TELEPHONICALLY CONTACTED SPECIAL AGENT (SA) [] ORA, AND ADVISED SHE WAS PREPARING TO LEAVE THE ORLANDO AREA AND DID NOT WISH TO DISCUSS HER TRAVELLING PLANS. [] STATED SHE HAD NO DOCUMENTS THAT SHE WANTED TO GIVE TO THE FBI; AND STATED SHE WOULD BE GIVING ALL OF HER PERTINENT DOCUMENTS AND RECORDS TO MR. [] (PHONETIC), NEW YORK DISTRICT ATTORNEY'S OFFICE. [] ADVISED [] WORKS UNDER DISTRICT ATTORNEY MR. ROBERT MORGANTHAU; AND IF THE FBI NEEDED TO RECONTACT HER, THEY COULD DO SO THROUGH [] HUSBAND WHO IS CURRENTLY IN LONDON.

THIS MATTER IS BEING RUC'D BY THE TAMPA DIVISION.

BT

#0004

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FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

☐ Immediate
☒ Priority
☐ Routine

☐ Top Secret
☐ Secret
☐ Confidential
☐ Sensitive
☐ Unclassified

Time Transmitted: 4:16
Sender's Initials: KTN
Number of Pages: 2

To: USAO WASHINGTON, D.C.
(Name of Office)

Date: 7-17-91

Facsimile number: 202 514-8783

Attn: AUSA
(Name)

[Redacted]
(Room Telephone No.)

From: WMFO

(Name of Office)

Subject: CLARK MCADAMS CLIFFORD;
ET AL

Special Handling Instructions: PLEASE HAND CARRY TO

AUSA [Redacted]

Originator's Name [Redacted]

Telephone: 324-6409

Originator's Facsimile Number: 324-6426

Approved: [Signature]

[Redacted]

29B WF-171994 - 96
SW FBI/DOJ SW

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b6
b7C

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b7C

DML:dml

CLARK McADAMS CLIFFORD;
ET AL;
29B-WF-171994

On the below listed dates, [redacted] furnished the following information to WMFO SA [redacted]

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On 7/5/91, attempts to contact the source met with negative results. A message was left for the source to contact the writer.

On 7/7/91, the source contacted the writer. The source advised that he/she was in [redacted] for business purposes. The writer stated that he would be [redacted] on that same date. The writer told the source that [redacted] had not yet returned to [redacted]. The source was [redacted]

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The source stated [redacted]

On 7/8/91, the source contacted the writer. The source had determined that [redacted] was [redacted]. The source believed that [redacted]. The source was told [redacted]

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On that same date, the source advised that [redacted]. The source was told that [redacted]

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The source stated that [redacted]

On that same date, the source determined that [redacted]

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Based on the above information, the writer contacted

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On 7/14/91, the source contacted

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told the source that

On 7/15/91, the source advised that

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who worked as one of

It should be noted that as of 7/17/91, was still
It is not known if or when

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FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 7/18/91

TO : ADIC, NEW YORK
 ATTN: SA LIONEL CRAFT (C-3)

FROM : SAC, WMFO (29B-WF-171994) (P) (C-5)

SUBJECT :

Re: Tel call between WMFO SA and
 NY SA

Enclosed for New York are two FD-209'S and two inserts setting forth results of contacts by WMFO SA and captioned source in London, England. Said enclosures are self explanatory.

For the information of New York, continues to provide WMFO information germane to an investigation entitled "CLARK McADAMS CLIFFORD; ET AL;", (29B-WF171994). It is anticipated that WMFO will maintain regular contact with the source. Such contact will continue to be coordinated with NYO SA

2-New York (encls. 4)

①-WMFO
 (DML)

*Enclosures placed
 in sub D*

29B-WF-171994-97

Searched

Serialized

Indexed

Filed

Approved: _____

Transmitted _____

(Number) (Time)

1325015-000-5060

Memorandum



To : Director, FBI
Attn: Voucher/Payroll Unit

From : SAC, WMFO (29B-WF-171994) (P)

Subject: CLARK MCADAMS CLIFFORD, aka;
Et al;
FIF; FAG
(OO: WMFO)

Date 7/18/91

PURPOSE

The purpose of this communication is to justify a claim for reimbursement of expenses incurred by SA [redacted] of this office during a recent trip to London, England, in conjunction with the captioned matter.

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DETAILS

During the week of 7/7-13/91, SA [redacted] one of the co-case agents assigned to the captioned matter, traveled, as approved, to London, England, to conduct investigation consisting of meetings, interviews and reviews of documents. One of the interviews was of a potentially-key witness, [redacted]; a Pakistani national, who was concerned about his own culpability and, therefore, only agreed to this initial interview because it would occur in a neutral site, i.e., London. Even though he had agreed to be interviewed, [redacted] balked at coming to the U.S. Embassy, despite assurances he would not be arrested. Because it was therefore deemed necessary to arrange for other facilities, a conference room was rented at the Mostyn Hotel, where SA [redacted] was staying, for the two days on which the interview occurred. Refreshments were also purchased.

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The charges for the room came to 107.00 Pounds Sterling, while the refreshments, including tips, came to 20.00 Pounds Sterling. The total in U.S. dollars, using the appropriate conversion factor of \$1.655/Pound Sterling, was \$210.19.

It is believed that the expense was justified by the extremely valuable information derived from the interview, and the unavailability of other, suitable facilities. It was not acceptable to use SA [redacted] room at the hotel due to its small size and the fact that the number of participants in the

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2-FBIHQ
1-WMFO

JNR:jnr

29B-WF-171994-98

Searched _____
Serialized Sw
Indexed _____
Filed Sw

1325015-000-5061

29B-WF-171994

sessions, including the interviewee, was five.

RECOMMENDATION

Based on the foregoing information, it is recommended that SA [] claim for reimbursement of \$210.19 be allowed.

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Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/19/91

From : SA [redacted] (C-5)

Subject: CLARK McADAMS CLIFFORD;
FIF; FAG;
(OO: WMFO)

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On 7/10/91 a meeting was held in the office of [redacted]

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[redacted]

[Handwritten signature]

-99
29B-WF-171994 Main

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b7C

SW

SW

1325015-000-5063

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/19/91

From : SA [redacted] (C-5)

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b7C

Subject: CLARK McADAMS CLIFFORD;
ET AL;
FIF; FAG;
(OO: WMFO)

On 7/9/91, a meeting was held at the U.S. Embassy,
London, England. Participants in the meeting included [redacted]

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While the above meeting was ongoing, the above named
participants were joined by [redacted]

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Subsequently, on that same date, SA [redacted] and the
writer met with SSA'S [redacted]. Discussed was the

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29B-WF-171994 Main

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[Handwritten mark]
1325015-000-5064

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/19/91

From : SA [redacted] (C-5)

Subject: CLARK McADAMS CLIFFORD;
ET AL;
FIF; FAG;
(OO: WMFO)

On 7/8/91, after having arrived in London, England, SA [redacted] and the writer met with DOJ [redacted]. Setting up the interview/investigative agenda for the week was discussed.

On that same date, SA [redacted] and the writer met with SSA [redacted], FBI Assistant Legat, at the American Embassy. SSA [redacted] assisted in setting up witness interviews and meetings.

On that same date, SA [redacted] and the writer met with SSA [redacted] who was [redacted]

On that same date, SA [redacted] and the writer met with AUSA [redacted], District of Columbia and [redacted]. A meeting schedule was set up for the week.

On that same date, the writer coordinated SFO's contact with [redacted]. Said contact was based on information provided by [redacted]. According thereto, [redacted]

SFO questioned [redacted] as a potential material witness.

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Su Su

[redacted]

[Handwritten signature]

[Handwritten signature]

1325015-000-5065

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/22/91

From : SA [redacted] (C-5)

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Subject: CLARK McADAMS CLIFFORD;
ET AL;
FIF; FAG;
(OO: WMFO)

[redacted] On 7/15/91, the writer had contacts with AUSA [redacted] and DOJ [redacted]. A meeting was set up for 7/16/91, to review this matter. [redacted] advised that Manhattan District Attorney ROBERT MORGANTHAU had complained to DOJ about captioned investigation. Specifically the investigation that was conducted in London.

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On 7/15 and 16/91, respectively, the writer attempted to contact Mrs. [redacted]. Said attempt met with negative results.

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On 7/16/91, a meeting was held in the office of AUSA [redacted], District of Columbia. In addition to AUSA [redacted] in attendance were DOJ [redacted] SA [redacted] and the writer. The London trip was reviewed. Also discussed were the investigative steps to be taken in the near future. [redacted] outlined three complaints that Manhattan District Attorney ROBERT MORGANTHAU made with DOJ. They were:

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1. Gestapo like methods in having [redacted] taken off a plane.
2. Intimidation in interviewing [redacted] (6 interviewers).
3. Telling [redacted] not to testify before the Manhattan District Attorney.

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It should be noted that each of the above complaints lack substance.

AUSA [redacted] advised that a decision had been made by his superiors that AUSAS [redacted] would begin the investigation of the Independence Bank. A request for additional resources would be forthcoming through the U.S. Attorney. The strategy would be to build a case against GAITH PHARAON and then to gain his cooperation in going against [redacted] and other subjects in captioned investigation.

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29B-WF-171994-102

[redacted]

SW SW
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Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/22/91

From : SA [redacted] (C-5)

Subject: CLARK McADAMS CLIFFORD;
ET AL;
FIF; FAG;
(OO: WMFO)

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On 7/17/91, the writer met briefly with AUSA [redacted] District of Columbia. AUSA [redacted] advised that he and AUSA [redacted] were about to start the Independence Bank aspect of the investigation. AUSA [redacted] stated that he would contact the writer to coordinate the investigative needs for this matter.

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On that same date the writer was contacted by SSA [redacted]

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On 7/18/91, the writer was contacted by DOJ [redacted] advised that [redacted] had contacted the USAO and requested immunity. An agreement should be worked out and it is anticipated that [redacted] will come to Washington, D.C., from London.

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WLF

[redacted]

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29B-WF-171994

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[redacted]

1325015-000-5067

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/23/91

From : SA [redacted]

Subject: CLARK MCADAMS CLIFFORD, aka;
Et al;
FIF; FAG
(OO: WMFO)

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On this date, I contacted [redacted] concerning the status of the efforts to get [redacted] to the U.S. to testify. [redacted] said that the effort is currently on hold, pending action by the Board of Governors of the Federal Reserve System (BGFRS). According to [redacted] "had to" return to Pakistan, due to the fact that all of [redacted] wife's money is "frozen" in BCCI, and [redacted] has no money of his own.

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(X)

1-WMFO

JNR:jnr
(1)



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29B-WF-171994 - 104

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SEARCHED	INDEXED
SERIALIZED	FILED
JUL 24 1991	
FBI - WASH. METRO FIELD OFFICE	

1325015-000-5068

Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/23/91

From : SA [redacted]

Subject: CLARK MCADAMS CLIFFORD, aka;
Et al;
FIF; FAG
(OO: WMFO)

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On 7/18/91, I telephonically contacted [redacted] to ascertain the possibility of finding a U.K. record of the 1978 entries of subjects CLIFFORD and [redacted] (to meet with [redacted] for purposes of coaching his testimony in a then-upcoming, U.S. court appearance). [redacted] said that [redacted] are the custodians of disembarkation records, but such records are kept only a short time. He said he would check on the possibility of any records existing, however.

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[redacted] reported having recently spoken with [redacted] (one of our potential witnesses), who told him that [redacted] (another potential witness) is refusing to speak to anyone in authority for fear of being arrested. [redacted] is going to recontact [redacted] in an attempt to change his mind.

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Also on 7/18/91, I was called by SA [redacted] Miami Division, the case agent on the CentTrust matter. SA [redacted] said that, in talking to FBIHQ (SSA [redacted]), he had learned of [redacted]

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I telephoned [redacted]

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1-WMFO
JNR:jnr
(1)

29B-WF-171994 -105

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 24 1991	
FBI - WASH. METRO	

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1550150000-5069

29B-WF-171994

[REDACTED]

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I also asked [REDACTED]

[REDACTED]

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Later on 7/18/91, I discussed with AUSA [REDACTED] the efficacy of considering an attempt to seize and forfeit CLIFFORD's and [REDACTED] CCAH shares. AUSA [REDACTED] said he believed we would have to be closer to an indictment before initiating such a move, but that he would be willing to consult with SA [REDACTED] of our FAST Team.

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Memorandum



To : SAC, WMFO (29B-WF-171994) (P)

Date 7/23/91

From : *[Signature]* SA (C-5)

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Subject: CLARK McADAMS CLIFFORD;
ET AL;
FIF; FAG;
(OO: WMFO)

On 7/22/91, the writer

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[Signature]

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29B-WF-171994-106

Su Su
[Signature]



FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

☒ Immediate
☐ Priority
☐ Routine

☐ Top Secret
☐ Secret
☐ Confidential
☐ Sensitive
☐ Unclassified

Time Transmitted: 2:30
 Sender's Initials: KTU
 Number of Pages: 25

To: FBIHQ - DIV 6 - FIFU
 (Name of Office)

Date: 7-29-91

Facsimile number: 324-6492

Attn: SSA
 (Name)

Telephone No.)

From: FBI, WMFO
 (Name of Office)

Subject: CLARK MCADAMS CLIFFORD; ETAL

FIF; FAG;

OO: WMFO

29B-WF-171994

Special Handling Instructions:

HAND CARRY TO SSA

Originator's Name: SA

Telephone: 324-6409

Originator's Facsimile Number: 324-6409

29B-WF-171994 - 107

Approved: WTD

FBI/DOJ



FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

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☐ Priority
☐ Routine

☐ Top Secret
☐ Secret
☐ Confidential
☐ Sensitive
☐ Unclassified

Time Transmitted: 2:20Sender's Initials: KTWNumber of Pages: 25To: CRIMINAL DIVISION, DOJ
(Name of Office)Date: 7-29-91Facsimile number: 514-9412

Attn:

(Name)RoomTelephone No.)From: FBI, WMFO
(Name of Office)Subject: CLARK MCADAMS CLIFFORD; ET AL;
(NY DA PRESS RELEASE / INDICTMENT)

Special Handling Instructions: _____

Originator's Name: SA

Telephone: 324-6409Originator's Facsimile Number: 324-6409Approved: D. W. [Signature]

FBI/DOJ

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FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

☒ Immediate
☐ Priority
☐ Routine

☐ Top Secret
☐ Secret
☐ Confidential
☐ Sensitive
☐ Unclassified

Time Transmitted: 2:50
 Sender's Initials: KTW
 Number of Pages: 25

To: USAO DISTRICT OF COLUMBIA Date: 7-29-91
(Name of Office)

Facsimile number: 514-8783

Attn:

<small>(Name)</small>	<small>(Room)</small>	<small>(Telephone No.)</small>

From: FBI, WMFO
(Name of Office)

Subject: CLARK MCADAMS CLIFFORD; ET AL;
(NY DA PRESS RELEASE / INDICTMENT)

Special Handling Instructions: _____

Originator's Name: SA

--

Telephone: 324-6409

Originator's Facsimile Number: 324-6409

Approved: WIDmy

FBI/DOJ

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DISTRICT ATTORNEY - COUNTY OF NEW YORK

News Release

Contact: Gerald McKelvey

July 29, 1991

(212) 335-9400

A New York County grand jury has returned an indictment that charges that the Bank of Credit and Commerce International (BCCI), its related entities and two of its founders engaged in a multi-billion dollar scheme to defraud its depositors, falsified bank records to hide illegal money laundering, and committed larcenies totaling more than \$30 million, District Attorney Robert M. Morgenthau announced today. The indictment stems from an ongoing investigation of BCCI that began in the spring of 1989.

Charged in the indictment are AGHA HASAN ABEDI, who founded the bank in 1972, and SWALEH NAQVI, who was the bank's chief operating officer until October of 1990. The corporate defendants are BANK OF CREDIT AND COMMERCE INTERNATIONAL, S.A., the leading bank established by ABEDI in 1972, and four subsequently created entities, BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LIMITED; BCCI HOLDINGS (LUXEMBOURG) S.A.; INTERNATIONAL CREDIT AND INVESTMENT COMPANY (OVERSEAS) LIMITED; and INTERNATIONAL CREDIT AND INVESTMENT COMPANY HOLDINGS.

"This indictment spells out the largest bank fraud in world financial history," Mr. Morgenthau said. "BCCI was operated as a corrupt criminal organization throughout its entire 19 year history. It systematically falsified its records. It knowingly

2

allowed itself to be used to launder the illegal income of drug sellers and other criminals. And it paid bribes and kickbacks to public officials."

All of the defendants are charged with the crime of Scheme to Defraud in the First Degree and three counts of Grand Larceny in the First Degree.

"By means of this scheme, the defendants obtained more than \$20 billion from its depositors, including citizens and foreign nationals in New York City, banks headquartered in Manhattan, central banks of other nations, and thousands of depositors throughout the world," Mr. Morgenthau said. "The best estimates indicate at this time that upwards of \$5 billion has been lost through this fraud."

The Scheme to Defraud count includes allegations that the defendants paid a bribe of \$3 million to the two senior officers of the Central Reserve Bank of Peru, in exchange for receiving deposits from the bank.

The Grand Larceny counts relate to the loss of more than \$30 million from the American Express Bank Limited on July 5, 1991, when the Bank of England and regulatory agencies in other nations, including the United States, ordered the closing of BCCI. Because BCCI obtained the deposits from American Express Bank through fraudulent means, by falsely representing BCCI's financial condition, the losses are thefts, Mr. Morgenthau said.

In addition, BCCI S.A. is charged with eight counts of Falsifying Business Records in the First Degree, relating to a

3

series of instances on which the bank failed to file currency transaction reports on currency deposits of \$10,000 or more in one of the bank's customer accounts, as is required by federal law.

"These transactions appear to be instances of money-laundering," Mr. Morgenthau said.

The top count in the indictment, Grand Larceny in the First Degree, exposes NAQVI and ABEDI to prison terms of up to 25 years on conviction. NAQVI, 57, is living in Abu Dhabi, one of the states in the United Arab Emirates, and ABEDI, 68, is living in Pakistan. The extradition of both men is being sought, Mr. Morgenthau said.

The corporate defendants are exposed to forfeiture actions and fines of millions of dollars on conviction of the charges.

"The corporate structure of BCCI was set up to evade international and national banking laws so that its corrupt practices would be unsupervised and remain undiscovered," Mr. Morgenthau said. "The defendants systematically falsified the capital structure of BCCI to make it appear as though it was a solvent, profitable bank secured by the backing of wealthy businessmen from the Middle East.

"In fact, much of the bank's capitalization and assets were fictitious and its backing illusory," the District Attorney continued. "The defendants created the appearance of respectability by persuading world leaders to appear with them

4

and defrauded their thousands of depositors, both small and large, who relied on that appearance of respectability."

"This largest of Ponzi schemes is over," he said. "But we have much yet to discover about this bank, and much to do in reforming international banking practices. The key to the scheme was that BCCI was structured in such a way so that no single central bank was able to monitor its activities. No foreign bank should be permitted to operate in the United States unless it is supervised by a single, strong central bank and is not bound by bank secrecy laws of another jurisdiction. Without these reforms, the potential for massive worldwide bank fraud remains."

The investigation is continuing, Mr. Morgenthau said.

The District Attorney thanked the Federal Reserve Bank of New York and the Board of Governors of the Federal Reserve System, and the New York State Department of Banking, for their close cooperation from the earliest stages of the investigation. "Our combined efforts and resources have enabled us to understand one of the most complex and secretive criminal organizations that we have ever encountered," Mr. Morgenthau said. "Without the generous assistance and intricate knowledge of bank regulators, this investigation could not have been done."

He particularly thanked Federal Reserve Board Chairman Alan Greenspan, and William Taylor, Virgil Mattingly Jr. and Richard Small of the Federal Reserve System; and Gerald Corrigan, President of the Federal Reserve Bank of New York, and Ernest

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Petrikas and Thomas C. Baxter Jr. of the Federal Reserve Bank of New York.

Mr. Morgenthau also thanked New York State Department of Banking Superintendent Derrick Cephas, Deputy Superintendent Vincent Conlon, former Superintendent Jill Considine, former counsel Barbara Barrantes, and Timothy Mahoney, Jerry Schwartz and Leon Ellen of the Department's Special Investigation Division.

The District Attorney also thanked the Bank of England for its invaluable assistance. "Under British law, the Bank could not assist us without some lawful basis to do so," Mr. Morgenthau said. "Since the time that stage was reached, however, we and the Bank have shared important information in a cooperative and helpful manner."

In the District Attorney's Office, the investigation was conducted under the supervision of Senior Investigator Andrew Finan, assisted by Investigators Mark Baldassare, Robert O'Donoghue and Fred Ghussin and Supervising Investigators Gerald McQueen, Mervin Woike and Thomas Jackson, under the supervision of Chief Investigator Andrew Rosenzweig.

The case was presented to the grand jury by Assistant District Attorney John W. Moscow, Deputy Chief of the Investigation Division, who, with Assistant District Attorneys Richard T. Preiss and Marc Frazier Scholl, is in charge of the prosecution. They were assisted by Investigation Division Chief Michael G. Cherkasky.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK: CRIMINAL TERM

-----X
THE PEOPLE OF THE STATE OF NEW YORK :

-against- :

BANK OF CREDIT AND COMMERCE :

INTERNATIONAL, S.A.;

BANK OF CREDIT AND COMMERCE :

INTERNATIONAL (OVERSEAS) LIMITED;

BCCI HOLDINGS (LUXEMBOURG) S.A.;

INTERNATIONAL CREDIT AND INVESTMENT
COMPANY (OVERSEAS) LIMITED; :

INTERNATIONAL CREDIT AND INVESTMENT
COMPANY HOLDINGS; :

AGHA HASAN ABEDI; and
SWALEH NAQVI. :

-----X

THE GRAND JURY OF THE COUNTY OF NEW YORK, by this indictment, accuse defendants Bank of Credit and Commerce International S.A., Bank of Credit and Commerce International (Overseas) Limited, and BCCI Holdings (Luxembourg) S.A. [These defendants along with other related entities described below are hereinafter included in the appellation "BCC Group."], defendants International Credit and Investment Company (Overseas) Limited and International Credit and Investment Company Holdings [These defendants along with other related entities described below are hereinafter included in the appellation "ICIC Group."], and defendants Agha Hasan Abedi and Swaleh Naqvi of the crime of SCHEME TO DEFRAUD IN THE FIRST DEGREE, in violation of Penal Law Section 190.65 (1)(a), committed as follows:

The defendants, in the County of New York and elsewhere, during the period from November 1, 1972 through July 5, 1991, with intent to defraud ten and more persons and to obtain property from ten and more persons by false and fraudulent pretenses,

representations, and promises, engaged in a scheme constituting a systematic ongoing course of conduct and so obtained property from one and more such persons, as follows:

The defendants, in the County of New York and elsewhere, made false and fraudulent pretenses, representations and promises as to (1) the identity of the owners of the BCC Group, and the degree of their financial involvement in the BCC Group, (2) the amount of shareholder capital at risk in the BCC Group, (3) the financial condition, net worth, and capital of the member entities of BCC Group, and (4) the ability of the BCC Group to repay creditors, including but not limited to depositors and banking institutions.

By means of the scheme described herein the defendants obtained property, the value of which has exceeded \$20,000,000,000.00 (twenty billion dollars), from diverse persons, including United States citizens and foreign citizens residing in New York County, banks based in New York County, central banks of other nations, and thousands of depositors throughout the world.

The scheme was premised on the fact that banks rely on credit. The essence of the scheme was to convince depositors and other banking and financial institutions, by means of false pretenses, representations, and promises that the BCC Group was a safe financial repository and institution for funds, and thereby defendants acted to persuade depositors and banking and other financial institutions to provide the BCC Group banks with deposits and credit.

Foremost among the originators of the scheme was defendant Abedi, a Pakistani banker who had worked as chief executive of a number of Pakistani banks, until the nationalization of the banks in Pakistan in 1972. Abedi recruited co-schemers with the notion of establishing a third world bank which would be substantially owned by its employees and would be so structured that it could not be nationalized.

Defendants Abedi and Naqvi, acting with and assisted by others, established a series of banks and bank holding companies, as well as related corporate and investment entities, in more than seventy countries around the world. The leading bank, established first, was defendant Bank of Credit and Commerce International, S.A. [hereinafter BCCI, SA] established in 1972 in Luxembourg, Abu Dhabi, and England. Defendants Abedi and Naqvi, along with others, thereafter caused the incorporation and establishment of defendant Bank of Credit and Commerce International Holdings, S.A. [hereinafter BCCI Holdings] in Luxembourg in 1974, and defendant Bank of Credit and Commerce International (Overseas) Limited [hereinafter BCCI Overseas] in Grand Cayman in 1975. Those three entities, as well as the related corporate and investment entities established as subsidiaries to BCCI Holdings and as affiliates of defendants were collectively known as "the BCC Group."

As part of the scheme, defendant International Credit and Investment Company (Overseas) Limited [hereinafter ICIC Overseas] was established in Grand Cayman as a bank. ICIC Overseas was used to conceal BCC Group liabilities and to create false assets for the

BCC Group. Defendant International Credit and Investment Company Holdings [hereinafter ICIC Holdings] was established and was used to conceal stolen monies. ICIC Overseas and ICIC Holdings, together with a series of related corporate and non-corporate entities were collectively known as the "ICIC Group."

Defendant Abedi was in charge of the BCC Group and the ICIC Group. Defendant Naqvi rose to become the second in command. In the late 1980s, after defendant Abedi became incapacitated, defendant Naqvi took charge of the scheme and of the BCC Group and ICIC Group. Defendants Abedi and Naqvi, acting with a small executive staff, created the false pretenses, representations and promises to advance the scheme to defraud.

In the course of the scheme and in furtherance thereof certain acts were committed. Among those are the following:

First, to create the false impression that the BCC Group was a repository and a financial institution with which depositors and other creditors could safely do business, the schemers employed the ruling families of a number of Middle Eastern states and other purportedly wealthy businessmen as nominal shareholders of the entities comprising the BCC Group, in particular, of BCCI Holdings. The schemers falsely pretended, represented, and promised that the nominees owned and financially would stand behind the BCC Group. However, by the terms of the secret contractual agreements the nominees were insulated from any economic loss suffered by the BCC Group.

Among the nominees were Ghaith R. Pharaon, Sheik Kamal Adham, Sayed Jawhary, also known as El Sayed El Sayed El Gohari, and Faisal Saud al-Fulaij, all of whom assisted the defendants by knowingly permitting the BCC Group management to trade on their reputations for wealth by fraudulently using their names as shareholders in BCCI Holdings, and thus, as owners of the BCC Group. Defendants further advanced their scheme to defraud by causing documents to be filed with the Superintendent of Banks of New York State, in New York County, that gave false information concerning the identities of the true owners of the BCC Group, including BCCI Holdings.

In addition, Pharaon, Adham, Jawhary, and al-Fulaij permitted defendants Abedi and Naqvi, the BCC Group, including but not limited to defendants BCCI S.A., BCCI Overseas, and BCCI Holdings, and the ICIC Group, to create the false appearance that the BCC Group and the ICIC Group loaned them money. This resulted in the creation of false assets for the BCC Group in the form of loans receivable which were not genuine. The false and fraudulent impressions were further enhanced by false confirmations of indebtedness to the BCC Group which Pharaon, Adham, Jawhary, and al-Fulaij caused and permitted to be sent to auditors of the BCC Group.

The creation of false assets and the false assertions of ownership of the stock of defendant BCCI Holdings created the false and fraudulent impressions that Pharaon, Adham, Jawhary, and al-Fulaij were economically involved in defendant BCCI Holdings as

Among the nominees were Ghaith R. Pharaon, Sheik Kamal Adham, Sayed Jawhary, also known as El Sayed El Sayed El Gohari, and Faisal Saud al-Fulaij, all of whom assisted the defendants by knowingly permitting the BCC Group management to trade on their reputations for wealth by fraudulently using their names as shareholders in BCCI Holdings, and thus, as owners of the BCC Group. Defendants further advanced their scheme to defraud by causing documents to be filed with the Superintendent of Banks of New York State, in New York County, that gave false information concerning the identities of the true owners of the BCC Group, including BCCI Holdings.

In addition, Pharaon, Adham, Jawhary, and al-Fulaij permitted defendants Abedi and Naqvi, the BCC Group, including but not limited to defendants BCCI S.A., BCCI Overseas, and BCCI Holdings, and the ICIC Group, to create the false appearance that the BCC Group and the ICIC Group loaned them money. This resulted in the creation of false assets for the BCC Group in the form of loans receivable which were not genuine. The false and fraudulent impressions were further enhanced by false confirmations of indebtedness to the BCC Group which Pharaon, Adham, Jawhary, and al-Fulaij caused and permitted to be sent to auditors of the BCC Group.

The creation of false assets and the false assertions of ownership of the stock of defendant BCCI Holdings created the false and fraudulent impressions that Pharaon, Adham, Jawhary, and al-Fulaij were economically involved in defendant BCCI Holdings as

shareholders, that their money was at risk in the bank, and that they would financially stand behind the BCC Group if necessary.

Second, defendants established separate subsidiaries of defendant BCCI Holdings in a number of countries, including Luxembourg and the Cayman Islands, which have strict laws against release of banking information. By so doing, defendants guaranteed that there would be no comprehensive regulation on a consolidated basis by any single regulator of the BCC Group. This permitted the inter-bank transfer of assets and liabilities to be conducted in a manner that could and did conceal the true economic position of the BCC Group.

Third, defendants authorized and caused to be authorized the payments of bribes and kickbacks to agents of other banking and financial institutions. By virtue of that practice, defendants attempted to avoid and did avoid scrutiny by other banking and financial institutions of the capital structure and financial viability of the BCC Group. In 1986 and 1987, to obtain deposits from and a banking relationship with the Central Reserve Bank of Peru, defendants Abedi and Naqvi authorized and directed employees of the BCC Group to open a bank account in a Swiss bank in Panama to transmit bribes and kickbacks in the amount of a percentage of the deposits maintained by The Central Reserve Bank of Peru to the two senior officers of that bank. The total of such payments was approximately \$3,000,000.00.

Fourth, the defendants systematically engaged in a program known as the External Marketing Program in New York County during

the period of from 1987 to 1990. Pursuant to that program defendants and agents of defendants actively solicited bank deposits from numerous persons in New York County and elsewhere for the BCC group. Accounts and deposits were solicited and obtained through false representations that the BCC Group was a safe and viable banking institution. As part of this program, the defendants and their agents also represented that said persons could open, at the agency of defendant BCCI S.A. located in New York County, banking accounts that would be booked at the overseas branches of the BCC Group, including but not limited to branches of defendant BCCI Overseas in Lahore, Pakistan and Dhaka, Bangladesh. By means of these solicitations and with the knowledge that the representations made concerning the financial condition and the capital and net worth of the banking institutions were materially false, defendants obtained property in the form of deposits at the BCCI SA agency in New York County on behalf of the BCC Group from American citizens and residents of New York County.

Fifth, the defendants systematically filed and caused to be filed with the Superintendent of Banks of the State of New York, in New York County, provided and represented as true to correspondent banks, and otherwise published financial statements which defendants knew to contain false and fraudulent representations materially overstating and falsifying the capital, net worth of the BCC Group, and, in particular, of defendants BCCI Holdings, BCCI S.A., and BCCI Overseas, as well as the ability of these institutions to repay their creditors.

SECOND COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse defendants Bank of Credit and Commerce International S.A. and Bank of Credit and Commerce International (Overseas) Limited, and BCCI Holdings (Luxembourg) S.A., International Credit and Investment Company (Overseas) Limited, International Credit and Investment Company Holdings, Agha Hasan Abedi, and Swaleh Naqvi of the crime of **GRAND LARCENY IN THE FIRST DEGREE**, in violation of Penal Law Section 155.42, committed as follows:

Defendants, in the County of New York and elsewhere, on or about July 5, 1991, stole certain property from the American Express Bank Ltd., to wit, money, having an aggregate value of in excess of \$1,000,000, to wit, greater than \$12,900,000 in connection with foreign exchange trading between American Express Bank Ltd. and the BCC Group.

THIRD COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendants Bank of Credit and Commerce International S.A. and Bank of Credit and Commerce International (Overseas) Limited, and BCCI Holdings (Luxembourg) S.A., International Credit and Investment Company (Overseas) Limited, International Credit and Investment Company Holdings, Agha Hasan Abedi, and Swaleh Naqvi of the crime of **GRAND LARCENY IN THE FIRST DEGREE**, in violation of Penal Law Section 155.42, committed as follows:

Defendants, in the County of New York and elsewhere, on or about July 5, 1991, stole certain property from the American Express Bank Ltd., to wit, money, having an aggregate value of in excess of \$1,000,000, to wit, \$10,000,000 in connection with a non-collateralized placement by American Express Bank Ltd. with the BCC Group.

FOURTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendants Bank of Credit and Commerce International S.A. and Bank of Credit and Commerce International (Overseas) Limited, and BCCI Holdings (Luxembourg) S.A., International Credit and Investment Company (Overseas) Limited, International Credit and Investment Company Holdings, Agha Hasan Abedi, and Swaleh Naqvi of the crime of **GRAND LARCENY IN THE FIRST DEGREE**, in violation of Penal Law Section 155.42, committed as follows:

Defendants, in the County of New York and elsewhere, during the period of from on or about January 1, 1983 to July 5, 1991, stole certain property from the American Express Bank Ltd., to wit, money having an aggregate value of in excess of \$1,000,000, to wit, in excess of \$6,900,000 in connection with letters of credit and acceptances between American Express Bank Ltd. and the BCC Group.

FIFTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about August 24, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 06001444 and omitted to make a record of said transactions as required by law.

SIXTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about August 29, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 06001444 and omitted to make a record of said transactions as required by law.

SEVENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about August 30, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 06001444 and omitted to make a record of said transactions as required by law.

EIGHTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about September 8, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 06001444 and omitted to make a record of said transactions as required by law.

NINTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about September 13, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 06001444 and omitted to make a record of said transactions as required by law.

TENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about September 14, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 06001444 and omitted to make a record of said transactions as required by law.

ELEVENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE, Penal Law Section 175.10, committed as follows:

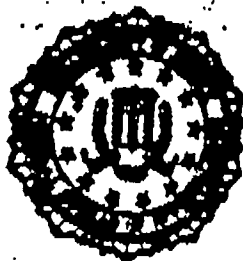
Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about October 12, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 01008270 and omitted to make a record of said transactions as required by law.

TWELFTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about October 12, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 07004836 and omitted to make a record of said transactions as required by law.

ROBERT M. MORGENTHAU
District Attorney
New York County



FBI FACSIMILE COVERSHEET

7/29/91
Rec'd 2:02
KTW

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(Name of Office)

Subject: BCCI Press Release +
Indictment.

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DISTRICT ATTORNEY - COUNTY OF NEW YORK

News Release

Contact: Gerald McKelvey

July 29, 1991

(212) 335-9400

A New York County grand jury has returned an indictment that charges that the Bank of Credit and Commerce International (BCCI), its related entities and two of its founders engaged in a multi-billion dollar scheme to defraud its depositors, falsified bank records to hide illegal money laundering, and committed larcenies totaling more than \$30 million, District Attorney Robert M. Morgenthau announced today. The indictment stems from an ongoing investigation of BCCI that began in the spring of 1989.

Charged in the indictment are AGHA HASAN ABEDI, who founded the bank in 1972, and SWALEH NAQVI, who was the bank's chief operating officer until October of 1990. The corporate defendants are BANK OF CREDIT AND COMMERCE INTERNATIONAL, S.A., the leading bank established by ABEDI in 1972, and four subsequently created entities, BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LIMITED; BCCI HOLDINGS (LUXEMBOURG) S.A.; INTERNATIONAL CREDIT AND INVESTMENT COMPANY (OVERSEAS) LIMITED; and INTERNATIONAL CREDIT AND INVESTMENT COMPANY HOLDINGS.

"This indictment spells out the largest bank fraud in world financial history," Mr. Morgenthau said. "BCCI was operated as a corrupt criminal organization throughout its entire 19 year history. It systematically falsified its records. It knowingly

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allowed itself to be used to launder the illegal income of drug sellers and other criminals. And it paid bribes and kickbacks to public officials."

All of the defendants are charged with the crime of Scheme to Defraud in the First Degree and three counts of Grand Larceny in the First Degree.

"By means of this scheme, the defendants obtained more than \$20 billion from its depositors, including citizens and foreign nationals in New York City, banks headquartered in Manhattan, central banks of other nations, and thousands of depositors throughout the world," Mr. Morgenthau said. "The best estimates indicate at this time that upwards of \$5 billion has been lost through this fraud."

The Scheme to Defraud count includes allegations that the defendants paid a bribe of \$3 million to the two senior officers of the Central Reserve Bank of Peru, in exchange for receiving deposits from the bank.

The Grand Larceny counts relate to the loss of more than \$30 million from the American Express Bank Limited on July 5, 1991, when the Bank of England and regulatory agencies in other nations, including the United States, ordered the closing of BCCI. Because BCCI obtained the deposits from American Express Bank through fraudulent means, by falsely representing BCCI's financial condition, the losses are thefts, Mr. Morgenthau said.

In addition, BCCI S.A. is charged with eight counts of Falsifying Business Records in the First Degree, relating to a

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series of instances on which the bank failed to file currency transaction reports on currency deposits of \$10,000 or more in one of the bank's customer accounts, as is required by federal law.

"These transactions appear to be instances of money-laundering," Mr. Morgenthau said.

The top count in the indictment, Grand Larceny in the First Degree, exposes NAQVI and ABEDI to prison terms of up to 25 years on conviction. NAQVI, 57, is living in Abu Dhabi, one of the states in the United Arab Emirates, and ABEDI, 68, is living in Pakistan. The extradition of both men is being sought, Mr. Morgenthau said.

The corporate defendants are exposed to forfeiture actions and fines of millions of dollars on conviction of the charges.

"The corporate structure of BCCI was set up to evade international and national banking laws so that its corrupt practices would be unsupervised and remain undiscovered," Mr. Morgenthau said. "The defendants systematically falsified the capital structure of BCCI to make it appear as though it was a solvent, profitable bank secured by the backing of wealthy businessmen from the Middle East.

"In fact, much of the bank's capitalization and assets were fictitious and its backing illusory," the District Attorney continued. "The defendants created the appearance of respectability by persuading world leaders to appear with them

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and defrauded their thousands of depositors, both small and large, who relied on that appearance of respectability."

"This largest of Ponzi schemes is over," he said. "But we have much yet to discover about this bank, and much to do in reforming international banking practices. The key to the scheme was that BCCI was structured in such a way so that no single central bank was able to monitor its activities. No foreign bank should be permitted to operate in the United States unless it is supervised by a single, strong central bank and is not bound by bank secrecy laws of another jurisdiction. Without these reforms, the potential for massive worldwide bank fraud remains."

The investigation is continuing, Mr. Morgenthau said.

The District Attorney thanked the Federal Reserve Bank of New York and the Board of Governors of the Federal Reserve System, and the New York State Department of Banking, for their close cooperation from the earliest stages of the investigation. "Our combined efforts and resources have enabled us to understand one of the most complex and secretive criminal organizations that we have ever encountered," Mr. Morgenthau said. "Without the generous assistance and intricate knowledge of bank regulators, this investigation could not have been done."

He particularly thanked Federal Reserve Board Chairman Alan Greenspan, and William Taylor, Virgil Mattingly Jr. and Richard Small of the Federal Reserve System; and Gerald Corrigan, President of the Federal Reserve Bank of New York, and Ernest

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Mr. Morgenthau also thanked New York State Department of Banking Superintendent Derrick Cephas, Deputy Superintendent Vincent Conlon, former Superintendent Jill Considine, former counsel Barbara Barrantes, and Timothy Mahoney, Jerry Schwartz and Leon Ellen of the Department's Special Investigation Division.

The District Attorney also thanked the Bank of England for its invaluable assistance. "Under British law, the Bank could not assist us without some lawful basis to do so," Mr. Morgenthau said. "Since the time that stage was reached, however, we and the Bank have shared important information in a cooperative and helpful manner."

In the District Attorney's Office, the investigation was conducted under the supervision of Senior Investigator Andrew Finan, assisted by Investigators Mark Baldassare, Robert O'Donoghue and Fred Ghussin and Supervising Investigators Gerald McQueen, Mervin Woike and Thomas Jackson, under the supervision of Chief Investigator Andrew Rosenzweig.

The case was presented to the grand jury by Assistant District Attorney John W. Moscow, Deputy Chief of the Investigation Division, who, with Assistant District Attorneys Richard T. Preiss and Marc Frazier Scholl, is in charge of the prosecution. They were assisted by Investigation Division Chief Michael G. Cherkasky.

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SWALEH NAQVI. :
-----X

THE GRAND JURY OF THE COUNTY OF NEW YORK, by this indictment, accuse defendants Bank of Credit and Commerce International S.A., Bank of Credit and Commerce International (Overseas) Limited, and BCCI Holdings (Luxembourg) S.A. [These defendants along with other related entities described below are hereinafter included in the appellation "BCC Group."], defendants International Credit and Investment Company (Overseas) Limited and International Credit and Investment Company Holdings [These defendants along with other related entities described below are hereinafter included in the appellation "ICIC Group."], and defendants Agha Hasan Abedi and Swaleh Naqvi of the crime of SCHEME TO DEFRAUD IN THE FIRST DEGREE, in violation of Penal Law Section 190.65 (1)(a), committed as follows:

The defendants, in the County of New York and elsewhere, during the period from November 1, 1972 through July 5, 1991, with intent to defraud ten and more persons and to obtain property from ten and more persons by false and fraudulent pretenses,

representations, and promises, engaged in a scheme constituting a systematic ongoing course of conduct and so obtained property from one and more such persons, as follows:

The defendants, in the County of New York and elsewhere, made false and fraudulent pretenses, representations and promises as to (1) the identity of the owners of the BCC Group, and the degree of their financial involvement in the BCC Group, (2) the amount of shareholder capital at risk in the BCC Group, (3) the financial condition, net worth, and capital of the member entities of BCC Group, and (4) the ability of the BCC Group to repay creditors, including but not limited to depositors and banking institutions.

By means of the scheme described herein the defendants obtained property, the value of which has exceeded \$20,000,000,000.00 (twenty billion dollars), from diverse persons, including United States citizens and foreign citizens residing in New York County, banks based in New York County, central banks of other nations, and thousands of depositors throughout the world.

The scheme was premised on the fact that banks rely on credit. The essence of the scheme was to convince depositors and other banking and financial institutions, by means of false pretenses, representations, and promises that the BCC Group was a safe financial repository and institution for funds, and thereby defendants acted to persuade depositors and banking and other financial institutions to provide the BCC Group banks with deposits and credit.

Foremost among the originators of the scheme was defendant Abedi, a Pakistani banker who had worked as chief executive of a number of Pakistani banks, until the nationalization of the banks in Pakistan in 1972. Abedi recruited co-schemers with the notion of establishing a third world bank which would be substantially owned by its employees and would be so structured that it could not be nationalized.

Defendants Abedi and Naqvi, acting with and assisted by others, established a series of banks and bank holding companies, as well as related corporate and investment entities, in more than seventy countries around the world. The leading bank, established first, was defendant Bank of Credit and Commerce International, S.A. [hereinafter BCCI, SA] established in 1972 in Luxembourg, Abu Dhabi, and England. Defendants Abedi and Naqvi, along with others, thereafter caused the incorporation and establishment of defendant Bank of Credit and Commerce International Holdings, S.A. [hereinafter BCCI Holdings] in Luxembourg in 1974, and defendant Bank of Credit and Commerce International (Overseas) Limited [hereinafter BCCI Overseas] in Grand Cayman in 1975. Those three entities, as well as the related corporate and investment entities established as subsidiaries to BCCI Holdings and as affiliates of defendants were collectively known as "the BCC Group."

As part of the scheme, defendant International Credit and Investment Company (Overseas) Limited [hereinafter ICIC Overseas] was established in Grand Cayman as a bank. ICIC Overseas was used to conceal BCC Group liabilities and to create false assets for the

BCC Group. Defendant International Credit and Investment Company Holdings [hereinafter ICIC Holdings] was established and was used to conceal stolen monies. ICIC Overseas and ICIC Holdings, together with a series of related corporate and non-corporate entities were collectively known as the "ICIC Group."

Defendant Abedi was in charge of the BCC Group and the ICIC Group. Defendant Naqvi rose to become the second in command. In the late 1980s, after defendant Abedi became incapacitated, defendant Naqvi took charge of the scheme and of the BCC Group and ICIC Group. Defendants Abedi and Naqvi, acting with a small executive staff, created the false pretenses, representations and promises to advance the scheme to defraud.

In the course of the scheme and in furtherance thereof certain acts were committed. Among those are the following:

First, to create the false impression that the BCC Group was a repository and a financial institution with which depositors and other creditors could safely do business, the schemers employed the ruling families of a number of Middle Eastern states and other purportedly wealthy businessmen as nominal shareholders of the entities comprising the BCC Group, in particular, of BCCI Holdings. The schemers falsely pretended, represented, and promised that the nominees owned and financially would stand behind the BCC Group. However, by the terms of the secret contractual agreements the nominees were insulated from any economic loss suffered by the BCC Group.

Among the nominees were Ghaith R. Pharaon, Sheik Kamal Adham, Sayed Jawhary, also known as El Sayed El Sayed El Gohari, and Faisal Saud al-Fulaij, all of whom assisted the defendants by knowingly permitting the BCC Group management to trade on their reputations for wealth by fraudulently using their names as shareholders in BCCI Holdings, and thus, as owners of the BCC Group. Defendants further advanced their scheme to defraud by causing documents to be filed with the Superintendent of Banks of New York State, in New York County, that gave false information concerning the identities of the true owners of the BCC Group, including BCCI Holdings.

In addition, Pharaon, Adham, Jawhary, and al-Fulaij permitted defendants Abedi and Naqvi, the BCC Group, including but not limited to defendants BCCI S.A., BCCI Overseas, and BCCI Holdings, and the ICIC Group, to create the false appearance that the BCC Group and the ICIC Group loaned them money. This resulted in the creation of false assets for the BCC Group in the form of loans receivable which were not genuine. The false and fraudulent impressions were further enhanced by false confirmations of indebtedness to the BCC Group which Pharaon, Adham, Jawhary, and al-Fulaij caused and permitted to be sent to auditors of the BCC Group.

The creation of false assets and the false assertions of ownership of the stock of defendant BCCI Holdings created the false and fraudulent impressions that Pharaon, Adham, Jawhary, and al-Fulaij were economically involved in defendant BCCI Holdings as

shareholders, that their money was at risk in the bank, and that they would financially stand behind the BCC Group if necessary.

Second, defendants established separate subsidiaries of defendant BCCI Holdings in a number of countries, including Luxembourg and the Cayman Islands, which have strict laws against release of banking information. By so doing, defendants guaranteed that there would be no comprehensive regulation on a consolidated basis by any single regulator of the BCC Group. This permitted the inter-bank transfer of assets and liabilities to be conducted in a manner that could and did conceal the true economic position of the BCC Group.

Third, defendants authorized and caused to be authorized the payments of bribes and kickbacks to agents of other banking and financial institutions. By virtue of that practice, defendants attempted to avoid and did avoid scrutiny by other banking and financial institutions of the capital structure and financial viability of the BCC Group. In 1986 and 1987, to obtain deposits from and a banking relationship with the Central Reserve Bank of Peru, defendants Abedi and Nagvi authorized and directed employees of the BCC Group to open a bank account in a Swiss bank in Panama to transmit bribes and kickbacks in the amount of a percentage of the deposits maintained by The Central Reserve Bank of Peru to the two senior officers of that bank. The total of such payments was approximately \$3,000,000.00.

Fourth, the defendants systematically engaged in a program known as the External Marketing Program in New York County during

the period of from 1987 to 1990. Pursuant to that program defendants and agents of defendants actively solicited bank deposits from numerous persons in New York County and elsewhere for the BCC group. Accounts and deposits were solicited and obtained through false representations that the BCC Group was a safe and viable banking institution. As part of this program, the defendants and their agents also represented that said persons could open, at the agency of defendant BCCI S.A. located in New York County, banking accounts that would be booked at the overseas branches of the BCC Group, including but not limited to branches of defendant BCCI Overseas in Lahore, Pakistan and Dhaka, Bangladesh. By means of these solicitations and with the knowledge that the representations made concerning the financial condition and the capital and net worth of the banking institutions were materially false, defendants obtained property in the form of deposits at the BCCI SA agency in New York County on behalf of the BCC Group from American citizens and residents of New York County.

Fifth, the defendants systematically filed and caused to be filed with the Superintendent of Banks of the State of New York, in New York County, provided and represented as true to correspondent banks, and otherwise published financial statements which defendants knew to contain false and fraudulent representations materially overstating and falsifying the capital, net worth of the BCC Group, and, in particular, of defendants BCCI Holdings, BCCI S.A., and BCCI Overseas, as well as the ability of these institutions to repay their creditors.

SECOND COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse defendants Bank of Credit and Commerce International S.A. and Bank of Credit and Commerce International (Overseas) Limited, and BCCI Holdings (Luxembourg) S.A., International Credit and Investment Company (Overseas) Limited, International Credit and Investment Company Holdings, Agha Hasan Abedi, and Swaleh Naqvi of the crime of **GRAND LARCENY IN THE FIRST DEGREE**, in violation of Penal Law Section 155.42, committed as follows:

Defendants, in the County of New York and elsewhere, on or about July 5, 1991, stole certain property from the American Express Bank Ltd., to wit, money, having an aggregate value of in excess of \$1,000,000, to wit, greater than \$12,900,000 in connection with foreign exchange trading between American Express Bank Ltd. and the BCC Group.

THIRD COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendants Bank of Credit and Commerce International S.A. and Bank of Credit and Commerce International (Overseas) Limited, and BCCI Holdings (Luxembourg) S.A., International Credit and Investment Company (Overseas) Limited, International Credit and Investment Company Holdings, Agha Hasan Abedi, and Swaleh Naqvi of the crime of **GRAND LARCENY IN THE FIRST DEGREE**, in violation of Penal Law Section 155.42, committed as follows:

Defendants, in the County of New York and elsewhere, on or about July 5, 1991, stole certain property from the American Express Bank Ltd., to wit, money, having an aggregate value of in excess of \$1,000,000, to wit, \$10,000,000 in connection with a non-collateralized placement by American Express Bank Ltd. with the BCC Group.

FOURTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendants Bank of Credit and Commerce International S.A. and Bank of Credit and Commerce International (Overseas) Limited, and BCCI Holdings (Luxembourg) S.A., International Credit and Investment Company (Overseas) Limited, International Credit and Investment Company Holdings, Agha Hasan Abedi, and Swaleh Naqvi of the crime of GRAND LARCENY IN THE FIRST DEGREE, in violation of Penal Law Section 155.42, committed as follows:

Defendants, in the County of New York and elsewhere, during the period of from on or about January 1, 1983 to July 5, 1991, stole certain property from the American Express Bank Ltd., to wit, money having an aggregate value of in excess of \$1,000,000, to wit, in excess of \$6,900,000 in connection with letters of credit and acceptances between American Express Bank Ltd. and the BCC Group.

FIFTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about August 24, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 06001444 and omitted to make a record of said transactions as required by law.

SIXTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about August 29, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 06001444 and omitted to make a record of said transactions as required by law.

SEVENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about August 30, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 06001444 and omitted to make a record of said transactions as required by law.

EIGHTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of **FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE**, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about September 8, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 06001444 and omitted to make a record of said transactions as required by law.

NINTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about September 13, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 06001444 and omitted to make a record of said transactions as required by law.

TENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about September 14, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 06001444 and omitted to make a record of said transactions as required by law.

ELEVENTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about October 12, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 01008270 and omitted to make a record of said transactions as required by law.

TWELFTH COUNT:

AND THE GRAND JURY AFORESAID, by this indictment, further accuse the defendant Bank of Credit and Commerce International S.A. of the crime of FALSIFYING BUSINESS RECORDS IN THE FIRST DEGREE, Penal Law Section 175.10, committed as follows:

Defendant Bank of Credit and Commerce International S.A., in the County of New York, on or about October 12, 1988, with intent to defraud and to commit another crime, to wit, a violation of 31 U.S.C. sections 5313 and 5322 and of 31 CFR sections 103.22 and 103.26 omitted to make a true entry in the business records of an enterprise, to wit, Bank of Credit and Commerce International S.A. in violation of a duty to do so which said defendant knew or should have known to be imposed upon said defendant by law and by the nature of said enterprise in that defendant, a financial institution, received currency deposits in New York County totalling more than \$10,000 during that business day in single and multiple forms into account number 07004836 and omitted to make a record of said transactions as required by law.

ROBERT M. MORGENTHAU
District Attorney
New York County

/FIND

Enter message id (MRI): 413

Retrieval completed at 1744

FIND /MRI 413

Results are: 0001 found

/READ

0024 MRI 00413

00 P12 FBIWMFO

DE FBIHN #0001 2111744

ZNR UUUUU

O 300555Z JUL 91

FM FBI HONOLULU (29B-WF-171994) (RUL)

TO DIRECTOR FBI/IMMEDIATE/

FBI WMFO/IMMEDIATE/

BT

UNCLAS

CITE: //3280//

PASS: FBIHQ FOR FINANCIAL INSTITUTION FRAUD UNIT, WHITE

COLLAR CRIME SECTION.

SUBJECT: CLARK MCADAMS CLIFFORD, AKA CLARK M. CLIFFORD, CLARK

CLIFFORD; [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] CREDIT AND COMMERCE AMERICAN

HOLDINGS, N.V. NETHERLAND ANTILLES; AGHA HASAN ABEDI; [REDACTED]

[REDACTED] SHAYKH ZAYID BIN SULTAN AL-NUHAYAN, AKA SHEIK ZAYID BIN

29B-WF-171994

SEARCHED	INDEXED
SU	SU
JUL 30 1991	

[REDACTED]

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PAGE TWO DE FBIHN 0001 UNCLAS

SULTAN AL-NAHAYAN, [REDACTED] BANK OF CREDIT AND
COMMERCE, INTERNATIONAL; GHAITH PHARAON, AKA DR. GHAITH
PHARAON; FIF; FAG; OO: WMFO.

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RE FBIHQ TT DATED 7/26/91.

THE RESULTS OF A HONOLULU INDICES SEARCH FOR COMPANIES
AND INDIVIDUALS IDENTIFIED IN REFERENCED TELETYPE ARE AS
FOLLOWS:

(1) "GUAM BOND"; HOBBS ACT - CPO; MAIL FRAUD; FBW; OO:
HONOLULU HNFILE 194A-88, REVEALED THAT ON 1/30/86, MAIN
SUBJECT DR. [REDACTED] (FORMERLY OF MATTHEWS AND
WRIGHT INC., NEW YORK, WHO WERE THE BOND UNDERWRITERS FOR THE
GUAM HOUSING AUTHORITY \$300,000,000 HOUSING PROJECT BOND),
GAVE A \$50,000 CASHIER'S CHECK MADE PAYABLE TO GOVERNOR
BORDALLO-REYES REELECTION CAMPAIGN COMMITTEE. THE CHECK WAS
DRAWN ON THE BANK OF CREDIT AND COMMERCE INTERNATIONAL (BCCI)
IN HONG KONG TO [REDACTED] SPECIAL ASSISTANT TO THE
GUAM GOVERNOR FOR BUSINESS AND ECONOMIC AFFAIRS. [REDACTED]
[REDACTED] WAS THE GOVERNOR OF GUAM AT THAT TIME. NO FURTHER
INFORMATION HAS BEEN DETERMINED REGARDING THAT TRANSACTION
WITH THE BCCI. RECORDS OF THE BCCI NEW YORK BRANCH, WERE
SUBPOENAED REGARDING A CHECK FROM MATTHEWS AND WRIGHT INC. TO

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PAGE THREE DE FBIHN 0001 UNCLAS

[REDACTED] ON 4/10/85, IN THE AMOUNT OF \$250,000.

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SIMILARLY, ON OR ABOUT 4/23/85, FUNDS WERE TRANSFERRED AT THE DIRECTION OF THE BCCI HONG KONG LIMITED TO PAY \$250,000 TO THE IRVING TRUST COMPANY BANK, 1 WALL STREET, NEW YORK, NEW YORK.

(2) "NEUMAR"; NEUTRALITY MATTER - PHILIPPINES; OO:

HONOLULU. HNFILE 2-35 (PENDING). REVEALED THAT IN THE TESTIMONY OF [REDACTED], BEFORE THE U.S. HOUSE OF REPRESENTATIVES SUBCOMMITTEE ON ASIAN AND PACIFIC AFFAIRS, ON APPROXIMATELY 7/10/87, [REDACTED] PROVIDED A LIST OF BANK ACCOUNTS INCLUDING NUMBERS BELIEVED TO BE UTILIZED BY

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[REDACTED] THROUGH THE BCCI, FOR THE PURPOSE OF DISBURSING FUNDS FOR ARMS PURCHASES. FURTHERMORE, HONOLULU DIVISION ALONG WITH U.S. CUSTOMS, AND [REDACTED] HAVE BEEN DEBRIEFING A FORMER AIDE OF [REDACTED] (PROTECT IDENTITY).

[REDACTED] HAS NOTED THAT ON SEVERAL OCCASIONS [REDACTED] [REDACTED] BUT COULD NOT PROVIDE ANY MORE SPECIFIC INFORMATION. ALSO THIS INVESTIGATION HAS REVEALED THAT [REDACTED] A MIAMI BASED ATTORNEY AND CUBAN EXILE, WAS APPROACHED BY AN INDIVIDUAL IDENTIFYING HIMSELF AS [REDACTED] A YUGOSLAVIAN NATIONAL.

1325015-000-5125

PAGE FOUR DE FBIHN 0001 UNCLAS

[] TOLD [] ABOUT TWO BANK ACCOUNTS THAT BELONGED TO

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[] AT THE BCCI LOCATED IN HONG KONG. AND

PROVIDED THE ACCOUNT NUMBERS. [] BELIEVED THAT THESE
ACCOUNTS WERE USED TO LAUNDER COLOMBIAN DRUG MONEY.

AS ALL INVESTIGATION IN THE HONOLULU DIVISION IS
COMPLETE, THIS MATTER IS BEING CONSIDERED RUC.

BT

#0001

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1325015-000-5126

976

Retrieval completed at 1743
FIND /MRI 976
Results are: 0001 found

/READ
0023 MRI 00976

OO P12 FBIWMFO

DE FBIMW #0001 2111743

ZNY EEEEE

O 301333Z JUL 91

FM FBI MILWAUKEE (29B-WF-R-171994) (RUC)

TO DIRECTOR FBI/IMMEDIATE/

FBI WMFO (29B-WF-171994)/IMMEDIATE/

BT

UNCLAS E F T O

CITE: //3470//

PASS: ATTENTION FBIHQ, FINANCIAL INSTITUTION FRAUD UNIT,
WHITE COLLAR CRIMES SECTION.

SUBJECT: CLARK MC ADAMS CLIFFORD, AKA; ET AL; FIF; FAG; OO:
WMFO.

RE BUREAU TELETYPE TO ALL FIELD OFFICES, 7/26/91.

MILWAUKEE OFFICE FOIMS AND GENERAL INDICES NEGATIVE
REGARDING ALL COMPANY AND INDIVIDUAL NAMES SET FORTH ON
REFERENCED COMMUNICATION.

BT

#0001

29B-WF-171994-110

SEARCHED	INDEXED
Su	Su
JUL 30 1991	
[Signature]	

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C-5

1176

Retrieval completed at 1745
FIND /MRI 1176
Results are: 0001 found

/READ
0025 MRI 01176
OO P12 FBIWMFO
DE FBISI #0001 2111745
ZNR UUUUU
O 301506Z JUL 91
FM FBI SPRINGFIELD (29B-WF-171994) (RUC)
TO DIRECTOR FBI/IMMEDIATE/
FBI WMFO (29B-WF-171994)/IMMEDIATE/
BT
UNCLAS
CITE: //3860//
PASS: FBIHQ. FINANCIAL INSTITUTION FRAUD UNIT, WHITE COLLAR
CRIME SECTION.

29B-WF-171994-111

SEARCHED	INDEXED
Su	Su
JUL 30 1991	
FBI - SPRINGFIELD	

at

SUBJECT: CLARK MC ADAMS CLIFFORD, AKA CLARK M. CLIFFORD,
CLARK CLIFFORD; [REDACTED]

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b7c

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] CREDIT AND COMMERCE

AMERICAN HOLDINGS, N.V. NETHERLANDS, ANTILLES; AGHA HASAN

ABEDI; [REDACTED] SHAYKH ZAYID BIN SULTAN AL-NUHAYYAN, AKA

1325015-000-5128

PAGE TWO DE FBISI 0001

SHEIK ZAYED BIN SULTAN AL-NAHAYAN, [REDACTED] BANK OF
CREDIT AND COMMERCE, INTERNATIONAL; GHAITH PHARAON, AKA DR.
GHAITH PHARAON; FIF; FAB; OO: WMFO.

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b7c

RE BUREAU TEL TO AFD, 7/26/91.

ON 7/29/91, SPRINGFIELD INDICES NEGATIVE FOR ALL
COMPANIES AND INDIVIDUALS SET OUT IN RE TELETYPE.

BT

#0001

NNNN

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 7/25/91

TO : ADIC, NEW YORK
 ATTN: SA [] (C-3)

FROM : SAC, WMFO (29B-WF-171994) (P) (C-5)

SUBJECT : []

Re: Tel call between WMFO SA [] and
 NY SA []

Enclosed for New York is an FD-209 and an insert
 setting forth results of contacts by WMFO SA []
 [] and captioned source. Said enclosures are self
 explanatory.

For the information of New York, []
 continues to provide WMFO information germane to an
 investigation entitled "CLARK McADAMS CLIFFORD; ET AL;", (29B-
 WF171994). It is anticipated that WMFO will maintain regular
 contact with the source. Such contact will continue to be
 coordinated with NYO SA [].

2-New York (encls. 5)
 1-WMFO
 (DML)

*enclosure
 placed in
 29B-WF-171994 sub A
 Jmg*

29B-WF-171994

Searched _____
 Serialized Su
 Indexed _____
 Filed Su

Approved: _____

Transmitted _____

(Number) (Time)

Per _____

1325015-000-5130

C-5

Retrieval completed at 1950
FIND /MRI 1688
Results are: 0001 found

/READ
0034 MRI 01688

00 P12 FBIWMFO

DE FBISA #0004 2111950

ZNR UUUUU

O 301900Z JUL 91

FM FBI SAN ANTONIO (29B-WF-171994) (SQ. 3) (RUC)

TO DIRECTOR FBI/IMMEDIATE/

FBI WMFO/IMMEDIATE/

BT

UNCLAS

CITE: //3770//

PASS: FIFU, WCCS, FBIHQ.

b6
b7c

SUBJECT: CLARK MCADAMS CLIFFORD, AKA CLARK M. CLIFFORD, CLARK
CLIFFORD; [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] CREDIT AND COMMERCE AMERICAN

HOLDINGS, N.V. NETHERLANDS, ANTILLES; AGHA HASAN ABEDI; [REDACTED]

[REDACTED] SHAYKH ZAYID BIN SULTAN AL-NUHAYYAN, AKA SHEIK ZAYED

BIN SULTAN AL-NAHAYAN, [REDACTED] BANK OF CREDIT AMU

JUL 30 1991

1325015-000-5131

PAGE TWO DE FBISA 0004 UNCLAS

COMMERCE INTERNATIONAL; GHAITH PHARAON, AKA DR. GHAITH
PHARAON; FIF; FAG; OO: WMFO.

RE TELETYPE FROM FBIHQ TO ALL FIELD OFFICES, DATED
JULY 26, 1991.

SAN ANTONIO CASE [REDACTED] REFLECTS AN [REDACTED]
REFERENCED IN HOUSTON TELETYPE, DATED JULY 28, 1988 (HOUSTON
CASE [REDACTED])

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INDICES ON ALL OTHER NAMES AND COMPANIES ARE NEGATIVE.

NO FURTHER INVESTIGATION REMAINS FOR SAN ANTONIO.

THEREFORE, THIS MATTER IS CONSIDERED RUC.

BT

#0004

NNNN

/FIND

Enter message id (MRI): 1719

Retrieval completed at 1951

FIND /MRI 1719

Results are: 0001 found

/READ

0035 MRI 01719

OO P12 FBIWMFO

DE FBIKX #0005 2111951

ZNR UUUUU

O 301919Z JUL 91

FM FBI KNOXVILLE (29B-WF-171994) (RUC)

TO DIRECTOR FBI/IMMEDIATE/

FBI WMFO/IMMEDIATE/

BT

UNCLAS

CITE: //3370: SQ 3//

PASS: FIF UNIT, WCCS.

SUBJECT: CLARK MCADAMS CLIFFORD, AKA; ET AL; FIF; FAG;

OO:WMFO.

A SEARCH OF KNOXVILLE AUTOMATED/MANUAL INDICES WAS
NEGATIVE FOR ALL NAMED INDIVIDUALS AND COMPANIES IN REFERENCED
TELETYPE, EXCEPT FOR GHAITH PHARAON, AND POSSIBLY AGHA HASAN
ABEDI.

KNOXVILLE CASE CODE NAMED MAYBAN (MAJOR CASE NUMBER 45)
29A-KX-1397 CONCERNED INVESTIGATION AND PROSECUTION OF ☐

*copy filed
Sub Aug 3*

29B-WF-171994-

JUL 30 1991	114
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PAGE TWO DE FBIKX 0005 UNCLAS

[REDACTED], AND OTHERS IN CONNECTION WITH THE FAILURE OF A TWENTY-SIX BANK GROUP, INCLUDING UNITED AMERICAN BANK, WHICH WAS THE LARGEST BANK IN TENNESSEE. IN CONNECTION WITH THAT MATTER, AN INDIVIDUAL NAMED [REDACTED] WAS INTERVIEWED ON 9/6/85. [REDACTED] IS A DISBARRED ATTORNEY FROM ATLANTA, GA., WHO WAS

PREVIOUSLY CONVICTED OF [REDACTED]

[REDACTED] ALLEGEDLY WAS INVOLVED IN THE [REDACTED]

[REDACTED], WHICH IT IS BELIEVED [REDACTED]

IN THE NOTED INTERVIEW, [REDACTED] WAS DISCUSSING A MIDDLE EAST FINANCIAL CONNECTION TO HANDLE A BOND INVESTMENT THAT [REDACTED] WANTED TO MAKE. [REDACTED] WAS DEALING WITH ATTORNEY G. W. RIDENOUR, JR., [REDACTED] AND IS NOW DECEASED.

TO THE MATTER AT HAND, THE FOLLOWING QUOTE FROM [REDACTED] FD-302 REFLECTS HIS COMMENTS RE PHARAON: [REDACTED] DISCUSSED (SIC) THE MIDDLE EAST CONNECTION AND HE HYPOTHEZIZED THAT IT COULD HAVE ORIGINATED IN TWO WAYS. IN 1978 OR 1979, [REDACTED] [REDACTED] STARTED SELLING HIS FIRST NATIONAL BANK OF GEORGIA TO GAITH PHARON (SIC), A SAUDI ARABIAN BUSINESSMAN. THIS WAS ONE POSSIBLE ENTREE TO THE MIDDLE EAST. PHARON'S (SIC) ATTORNEY

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1325015-000-5134

PAGE THREE DE FBIKX 0005 UNCLAS

IS FROM TEXAS AND HE SITS ON THE BOARD OF [REDACTED] BANK. THE
SECOND POSSIBLE CONNECTION WAS THROUGH (FNU) ABEDI, BANK OF
COMMERCE AND CREDIT INTERNATIONAL, WITH OFFICES IN LONDON AND
THE MIDDLE EAST.

NO OTHER INFORMATION IS AVAILABLE. KNOXVILLE IS NOT
AWARE OF ANY INVESTIGATIONS BY OTHER AGENCIES RE THE SUBJECTS.

BT

#0005

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1325015-000-5135

0000 MRI 02119

PP RUCNFB FBIWMFO

DE FBIAL #0004 2120934

ZNR UUUUU

P 302135Z JUL 91

FM FBI ALBANY (29B-WF-171994) (RUC)

TO DIRECTOR FBI/PRIORITY/

FBI WMFO (29B-171994)/PRIORITY/

BT

UNCLAS

CITE: //3010//

PASS: FINANCIAL INSTITUTION FRAUD UNIT, WHITE COLLAR CRIME
SECTION-FBIHQ.

SUBJECT: CLARK MCADAMS CLIFFORD, AKA CLARK M. CLIFFORD, CLARK
CLIFFORD; [REDACTED]

[REDACTED] ET AL; FIF; FAG; OO: WMFO.

REFERENCE TELETYPE FROM DIRECTOR TO ALL FIELD OFFICES
DATED JULY 26, 1991.

A SEARCH OF GENERAL AND FOIMS INDICES IN THE ALBANY
DIVISION WAS NEGATIVE REGARDING CAPTIONED COMPANIES AND

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~~SECRET~~

29B-WF-171994 - 115

SEARCHED	INDEXED
Su	Su
JUL 31 1991	
Adm. METRO FIELD	

1325015-000-5136

PAGE TWO DE FBIAL 0004 UNCLAS
INDIVIDUALS.

ALBANY WILL CONSIDER THIS MATTER RUC'D.

BT

#0004

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0000 MRI 02170

00 P12 FBIWMFO

DE FBIDE #0012 2120434

ZNY SSSSS

O 302145Z JUL 91

FM FBI DETROIT (29B-WF-171994) (RUC) (C-5)

TO DIRECTOR FBI/IMMEDIATE/

FBI WMFO/IMMEDIATE/

BT

~~SECRET~~

CITE: 773220//

PASS: FOR FBIHQ - CRIMINAL INVESTIGATIVE DIVISION, WHITE
COLLAR CRIME SECTION, FINANCIAL INSTITUTION FRAUD UNIT.

SUBJECT: CLARK MC ADAMS CLIFFORD, AKA CLARK M. CLIFFORD,

CLARK CLIFFORD; [REDACTED]

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[REDACTED]
[REDACTED]
[REDACTED] CREDIT AND COMMERCE

AMERICAN HOLDINGS, N.V. NETHERLANDS, ANTILLES; AGHA HASAN

ABEDI; [REDACTED] SHAYKH ZAYID BIN SULTAN AL-NUHAYYAN, AKA

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29B-WF-171-994 - 116

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 31 1991	
FBI - DETROIT FIELD OFFICE	

1325015-000-5138

~~SECRET~~
PAGE TWO DE FBIDE 0012 ~~SECRET~~

SHEIK ZAYED BIN SULTAN AL-NAHAYAN, [REDACTED] BANK OF
CREDIT AND COMMERCE, INTERNATIONAL; GHAITH PHARAON, AKA DR
GHAITH PHARAON; FIF; FAG; OO: WMFO.

THIS COMMUNICATION IS CLASSIFIED "~~SECRET~~" IN ITS
ENTIRETY.

RE JULY 26, 1991, TELETYPE FROM THE DIRECTOR TO ALL FIELD
OFFICES.

INDICES SEARCHES FOR ALL COMPANIES AND INDIVIDUALS
IDENTIFIED IN REFERENCED TELETYPE WERE CONDUCTED AT DETROIT
WITH NO REFERENCES BEING IDENTICAL EXCEPT THE FOLLOWING:

[REDACTED] IS REFERENCED IN A HOUSTON TELETYPE TO
DIRECTOR AND ALL OFFICES, DATED JULY 29, 1988, ON HOUSTON FILE
NUMBER [REDACTED] TITLED "PALESTINE LIBERATION FRONT; IT-PLF;
OO: HOUSTON." THIS COMMUNICATION STATES THAT [REDACTED]

[REDACTED] IS AN ALIAS FOR [REDACTED] WHO IS THE
[REDACTED] PLF [REDACTED] AND IS STATIONED AT
NICOSIA, CYPRUS. [REDACTED] HAD SENT \$70,000.00 BY WIRE TRANSFER
TO THE HOUSTON BANK ACCOUNT OF [REDACTED] FROM THE
HELLENIC BANK LIMITED, NICOSIA, CYPRUS.

BANK OF CREDIT AND COMMERCE IS REFERENCED IN A WMFO
AIRTEL TO THE DIRECTOR, DATED JULY 8, 1988, TITLED [REDACTED]

~~SECRET~~

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b6
b7C
b7E

b6
b7C

~~SECRET~~
PAGE THREE DE FBIDE 0012 ~~SECRET~~

[REDACTED] AKA; IT-LIBYA; OO: WMFO" AND CONTAINED IN DETROIT
FILE [REDACTED] THIS COMMUNICATION STATES THAT SOURCE
INFORMATION HAS REVEALED THAT [REDACTED]
[REDACTED]

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b7E

GHAITH PHARAON IS REFERENCED IN DETROIT FILE NUMBER
[REDACTED], TITLED "ARAB FINANCIAL ACQUISITIONS - DETROIT,
MICHIGAN; IS-ME; OO: DETROIT." THIS REFERENCE IS A NEWSPAPER
ARTICLE FROM "THE DETROIT NEWS," DATED FEBRUARY 4, 1975, WHICH
DESCRIBES PHARON'S PURCHASE OF STOCK IN DETROIT'S BANK OF THE
COMMONWEALTH.

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THE AFOREMENTIONED REFERENCED INVESTIGATIONS ARE
CURRENTLY CLOSED AND DETROIT CURRENTLY HAS NO INVESTIGATION
PENDING INVOLVING COMPANIES AND INDIVIDUAL IDENTIFIED IN
CAPTIONED TELETYPE.

AT THIS TIME, DETROIT IS UNAWARE OF ANY INVESTIGATIONS
INVOLVING BANK OF CREDIT AND COMMERCE INTERNATIONAL, AND OR
OTHERS NAMED IN REFERENCED TELETYPE, WHICH IS PRESENTLY BEING
CONDUCTED BY OTHER FEDERAL, STATE OR LOCAL LAW ENFORCEMENT
AGENCIES.

~~SECRET~~

1325015-000-5140

PAGE FOUR DE FBIDE 0012 ~~SECRET~~

IN THE ABSENCE OF ANY FURTHER REQUEST FOR INVESTIGATION,
DETROIT IS CONSIDERING THIS MATTER RUC.

C BY G-3; DRD OADR.

BT

#0012

NNNN

/READ/MRI 1965/211
0000 MRI 01965

00 P12 FBIWMFO

DE OTT #0008 2120932

ZNR UUUUU

O 302107Z JUL 91

FM LEGAT OTTAWA (29B-WF-171994) (P)

TO DIRECTOR FBI/IMMEDIATE/

FBI WMFO/IMMEDIATE/

BT

UNCLAS

CITE: //5150//

PASS: HQ: FIFU/WCC/CID.

SUBJECT: CLARK MC ADAMS CLIFFORD, AKA; ET AL; ETC; FIF; FAG;

OO: WMFO.

REBUTEL JULY 26, 1991, AND JULY 30, 1991, OTTELCALL TO SA

[REDACTED] WMFO.

MANUAL AND AUTOMATED INDICES SEARCHES AT LEGAT, OTTAWA,
PROVIDED NEGATIVE RESULTS REGARDING INDIVIDUALS AND COMPANIES
IDENTIFIED IN RETEL.

ADDITIONALLY, [REDACTED]

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b7D

59B-WF-171994

SEARCHED	INDEXED
Su	Su
JUL 31 1991	
FEDERAL BUREAU OF INVESTIGATION	

117

1325015-000-5142

PAGE TWO DE OTT 0008 UNCLAS

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b7C
b7D

LEAD:

LEGAT, OTTAWA

PROVIDE A COPY OF RETEL TO FOR INDICES SEARCHES ON
ALL COMPANIES AND INDIVIDUALS LISTED; SUTEL RESULTS TO FBIHQ
AND WMFO.

b7D

BT

#0008

NNNN

1325015-000-5143

0000 MRJ 01891

PP RUCNFB FBIWMFO

DE BOG #0003 22120932

ZNR UUUUU

P 302049Z JUL 91

FM LEGAT BOGOTA (29-0)

TO DIRECTOR FBI/PRIORITY/

FBI WMFO (29B-WF-171994)/PRIORITY/

BT

UNCLAS

CITE: //5700:BOG300.211//

PASS: CID, WCCS, FIF.

SUBJECT: CLARK MCADAMS CLIFFORD, AKA CLARK M. CLIFFORD, CLARK
CLIFFORD; ET AL; FIF; FAG; OO: WMFO.

REFERENCE FBIHQ TELETYPE DATED JULY 26, 1991.

FOR INFORMATION OF RECEIVING OFFICES, LEGAT, BOGOTA INDICES
FOR NAMES TO BE SEARCHED ON REFERENCED TELETYPE WERE NEGATIVE.

BT

#0003

NNNN

29B-WF-171994 - ~~118~~ 118

SEARCHED	INDEXED
Su	Su
JUL 31 1991	

OK

/READ/MRI 1850/211
0000 MRI 01850

00 P12 FBIWMFO

DE FBIHQ #0003 2120931

ZNY SSSSS

O 302027Z JUL 91

FM FBI ALBUQUERQUE (29B-WF-R-171994) (RUC)

TO DIRECTOR FBI/IMMEDIATE/

FBI WMFO (29B-WF-171994)/IMMEDIATE/

BT

~~SECRET~~

CITE: //3020//

PASS: HQ FINANCIAL INSTITUTION FRAUD UNIT, WHITE COLLAR CRIME
SECTION.

SUBJECT: CLARK MCADAMS CLIFFORD, AKA CLARK M. CLIFFORD, CLARK

CLIFFORD; [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] CREDIT AND COMMERCE AMERICAN

HOLDINGS, N.V. NETHERLANDS, ANTILLES; AGHA HASAN ABEDI; [REDACTED]

[REDACTED] SHAYKH ZAYID BIN SULTAN AL-NUHAYYAN, AKA SHEIK ZAYED

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29B-WF-171994

SEARCHED	INDEXED
SERIALIZED <i>SW</i>	FILED <i>SW</i>
JUL 31 1991	
FBI - ALBUQUERQUE FIELD OFFICE	

119

1325015-000-5145

PAGE TWO DE FBIAR 0003 ~~SECRET~~

BIN SULTAN AL-NAHAYAN, [REDACTED] [REDACTED] BANK OF CREDIT AND
COMMERCE, INTERNATIONAL; GHAITH PHARAON, AKA DR. GHAITH
PHARAON, FIF; FAG; OO: WMFO.

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THIS COMMUNICATION IS CLASSIFIED ~~SECRET~~ IN ITS ENTIRETY.

RE BUTEL TO ALL FIELD OFFICES, DATED JULY 26, 1991.

ON JULY 29, 1991, THE ALBUQUERQUE GENERAL, ~~CONFIDENTIAL~~,
ELSUR INDICES WERE SEARCHED IN REGARDS TO ALL INDIVIDUALS AND
COMPANIES LISTED IN REFERENCED BUTEL. THE ONLY POSITIVE
REFERENCE THAT COULD BE LOCATED IN ANY ALBUQUERQUE FILE WAS
FOR THE BANK OF CREDIT AND COMMERCE INTERNATIONAL (BCCI).

THIS REFERENCE WAS LOCATED IN FILE [REDACTED] [REDACTED]
[REDACTED]

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REFERENCED CASE IS A MULTI-VOLUME FCI INVESTIGATION INVOLVING
THE ABUL NIDAS ORGANIZATION (ANO), WHICH HAS BEEN RUC SINCE
AUGUST 17, 1989. THE REFERENCE FOR BCCI WAS LISTED ON BUTEL
TO ALL FIELD OFFICES DATED JULY 25, 1987. THE TELETYPE GAVE A
BRIEF SUMMARY OF ANO ACTIVITIES AND LISTED THE BANK OF CREDIT
AND COMMERCE INTERNATIONAL LOCATED IN LONDON, ENGLAND, AS THE
PRINCIPAL BANK USED BY THE ANO ECONOMIC NETWORK. TELETYPE
INDICATES THAT THE BCCI MAY HAVE EMPLOYEES OR MANAGERS WHO ARE
ANO MEMBERS OR SUPPORTERS WHO WORK TO FACILITATE THE ANO'S

~~SECRET~~

~~SECRET~~

PAGE THREE DE FBIHQ 0003 ~~SECRET~~

FINANCIAL TRANSACTIONS. NO OTHER INFORMATION WAS GIVEN ABOUT
BCCI AND NO OTHER REFERENCES WERE LOCATED IN ANY ALBUQUERQUE
FILE.

NO FURTHER INVESTIGATION BEING CONDUCTED BY ALBUQUERQUE
DIVISION.

C BY G-3; DECL ON OADR.

BT

#0003

NNNN

~~SECRET~~

/READ/MRI 1669/211
0000 MRI 01669

RR RUCNFB FBIWMFO

DE FBINF #0005 2120931

ZNY SSSSS

R 301352Z JUL 91

FM FBI NORFOLK (29B-WF-171994) (RUC)

TO DIRECTOR FBI /ROUTINE/

FBI WMFO (29B-WF-171994)/ROUTINE/

BT

~~SECRET~~

CITE: //3560:SQUAD 5//

PASS: FINANCIAL INSTITUTION FRAUD UNIT, WHITE COLLAR CRIMES
SECTION.

SUBJECT: CLARK MC ADAMS CLIFFORD, AKA ET AL; FIF; FAG;

OO: WMFO.

ALL INFORMATION CONTAINED HEREIN IS CLASSIFIED ~~SECRET~~ IN ITS
ENTIRETY.

RE FBIHQ TELETYPE TO ALL FIELD OFFICES DATED JULY 26, 1991.

NORFOLK INDICES CONTAIN ONE REFERENCE TO ONE [REDACTED]

[REDACTED] UNDER HOUSTON FILE NUMBER

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29B-WF-171994

SEARCHED	INDEXED
Su	Su
JUL 31 1991	
FBI - NORFOLK FIELD OFFICE	

CW

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- 120

1325015-000-5148

PAGE TWO DE FBINF 0005 ~~S E C R E T~~

[REDACTED] CAPTIONED "PALESTINE LIBERATION FRONT (PLF); IT-PLF;
OO: HOUSTON."

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IN A HOUSTON TELETYPE DATED JULY 28, 1988, TO FBIHQ AND ALL
FIELD OFFICES, HOUSTON IDENTIFIED [REDACTED] [REDACTED]

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[REDACTED] AS AN INDIVIDUAL RESPONSIBLE FOR
TRANSFERRING \$70,000.00 OVER AN 18-MONTH PERIOD, BEGINNING
NOVEMBER, 1986, THROUGH APRIL, 1988, TO AN ACCOUNT CONTROLLED BY

[REDACTED] HOUSTON BELIEVED [REDACTED] TO BE IDENTICAL WITH

[REDACTED] PLF, [REDACTED] [REDACTED]

STATIONED AT NICOSIA, CYPRUS. HOUSTON IDENTIFIED [REDACTED] AS A

[REDACTED] PLF IN THE HOUSTON AREA.

WMFO AND FBIHQ ARE DIRECTED TO HOUSTON CASE FILE [REDACTED]
FOR FURTHER DETAILS REGARDING [REDACTED] THIS MATTER
CONSIDERED RUC.

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b7C
b7E

C BY 9708, DECL ON OADR.

BT

#0005

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